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Report No: 27946-MX

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$30 MILLION

TO THE

BANCO NACIONAL DE OBRAS Y SERVICIOS PUBLICOS, S.N.C. (BANOBRAS)

WITH THE GUARANTEE OF THE

UNITED MEXICAN STATES

FOR A

STATE JUDICIAL MODERNIZATION SUPPORTING ACCESS TO JUSTICE PROJECT

JUNE 4, 2004

**Poverty Reduction and Economic Management Sector Management Unit
Mexico and Colombia Country Management Unit
Latin America and Caribbean Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 24, 2004)

Currency Unit = MXN
MXN 0.087 = US\$1
US\$1 = MXN 11.55

FISCAL YEAR

January 1 -- December 31

ABBREVIATIONS AND ACRONYMS

BANOBRAS	National Bank of Works and Public Services (<i>Banco Nacional de Obras y Servicios Públicos</i>)
CAS	Country Assistance Strategy
CPS	Country Partnership Strategy
CJP	Consejería Jurídica de la Presidencia
CSO	Civil Society Organization
FMR	Financial Monitoring Report
GDLN	Global Distance Learning Network
GDF	Global Development Gateway Foundation
GOM	Government of Mexico
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDF	Institutional Development Fund
IMF	International Monetary Fund
INM	Instituto Nacional de la Mujer
IT	Information Technology
JSDF	Japan Social Development Fund
LCR	Latin America and the Caribbean Region
M&E	Monitoring and Evaluation
NCSC	National Commission of State Courts (<i>Comisión Nacional de Tribunales Superiores de Justicia, A.C</i>)
NGO	Non-Governmental Organization
PCU	Project Coordination Unit
PHRD	Japan Policy and Human Resources Development Fund
SIL	Specific Investment Loan
SHCP	Ministry of Finance and Public Credit (<i>Secretaría de Hacienda y Crédito Público</i>)
TOR	Terms of Reference

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MEXICO FOR OFFICIAL USE ONLY
State Judicial Modernization Supporting Access to Justice Project

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A. Project Development Objective

1. Project development objective: (see Annex 1)

Mexico seeks to improve its social, economic and political development through enhanced competitiveness and more efficient, transparent public institutions. Policy makers increasingly believe that improvements in the performance of judicial institutions, particularly at the state level, where 80 per cent of all cases are heard, are an important element for achieving these objectives over the medium and long term. The Minister of Finance and Public Credit has told the Bank that “the most important economic reform Mexico needs is judicial reform.” Research also bears this out. In states with better functioning courts, firms are larger and more efficient, a finding attributed to entrepreneurs’ willingness to invest more in their companies when they believe their rights are more secure.

The President Fox administration has assigned high priority to judicial institutions and requested Bank assistance in a meeting with Mr. Wolfensohn.

Access to justice for the poor and other vulnerable groups in society is more closely linked to state courts, regardless of jurisdiction. Yet institutional capacities of states are weak compared with the federal courts. Thus, reducing backlog, strengthening alternative dispute resolution mechanisms, and generally adjusting the “supply” of services to meet their “demand,” would improve conditions for the achievement of social justice through speedier, more reliable and equitable dispute resolution.

The Development Objective (DO) of the proposed Project is to support the improvement of institutional performance of judiciaries in a few states through BANOBRAS’s credit program for state judicial modernization by learning while doing. In these states, the Project would: (a) strengthen institutional capabilities, organizational culture and knowledge; (b) strengthen efficiency and effectiveness of judicial services; (c) improve judicial transparency; (d) increase access to justice; and (e) support Project coordination, monitoring and evaluation, and learning, including consultation with Project stakeholders. In future projects, additional state judiciaries would benefit.

The Project would fund Subprojects--essentially the design and implementation of integrated state judicial branch modernization plans--that are consistent with the Project’s objectives. These objectives are a), b), c), and d) noted above. They were chosen because they have been identified as preconditions to enable the state judiciaries to deliver adequate justice services. These flexible components are the “building blocks” that will guide the current and future development of state-specific judicial branch modernization plans and their implementation. Each state judicial branch participating in the Project will determine which methods--and thereby which programs--it will adopt, according to its own individual needs and capabilities.

The approach to improving judicial performance is based on improving the operation of the judiciary as an institution as opposed to changes in legislation. Areas to be included in this institutional modernization include preparing an integral diagnostic of the operational problems, an analysis of the demand for and supply of judicial services, promoting a culture for service, and efficiently distributing and managing resources. Learning among and within state judiciaries, BANOBRAS, donors, academia and user groups would also be encouraged, to share good practices and participate in monitoring and evaluation (M&E) activities.

Participating states are those states (and judiciaries) that meet eligibility criteria (technical and financial) for receiving funding from BANOBRAS’s credit program under this Project for judicial modernization.¹

¹ Letters of Intent to participate in the Project have been received from Aguascalientes, Guanajuato, Jalisco and Puebla states. The Project is however, open to all states and the Federal District that meet the Eligibility Criteria (see Part C 4 of the PAD).

2. Key performance indicators: (see Annex 1)

Project performance indicators would include:

- (1) Improved information development for institutional planning and external services.
- (2) Reduction in case processing times.
- (3) Increased availability of public information.
- (4) Total number of users from vulnerable groups accessing judicial services.
- (5) Improved application of Project know-how and skills through learning processes.

Through Subprojects, the Project would develop M&E capabilities (or measures). The Judiciary in each participating state would establish within *Presidencia del Supremo Tribunal de Justicia* a monitoring and evaluation committee of judicial experts (CCS). The CCS would be operationally supported by the state judicial branch modernization support unit (or PCU) responsible for collecting statistics, conducting stakeholder surveys, evaluating progress, learning and sharing knowledge and disseminating results. Initial baseline data for several states is already available in state judicial branch modernization plans and the draft Operational Manual for the Project.

A key feature of the Project would be semi-annual implementation reviews, with a M&E, learning and dissemination focus. These would be conducted by BANOBRAS in collaboration with the *Comisión Nacional de Tribunales Superiores de Justicia A.C.*, the national commission of state courts (hereafter NCSC) comprising representatives of the Supreme Courts of justice at the state-level, the Bank, civil society groups and others to assess progress regarding the design and implementation of modernization plans. These would also serve as the basis for making technical adjustments and sharing knowledge.

The M&E capacity building in participating states would generally focus on judicial modernization aspects and indicators of the following nature would be created:

--- ***Institutional capabilities, organizational culture and knowledge*** to assess impacts on such variables as the provision of timely and adequate information on demand and supply of judicial services, efficiency gains in the use of resources, stakeholder perceptions of services, availability and successful completion of comprehensive training, and successful knowledge sharing on good practices.

--- ***Efficiency and effectiveness*** to assess impacts on such variables as time of case processing from filing to disposition, the impact of the frequent use of *amparos*², enforcement of judgments, frequency, time and outcome of appeals, degree of complexity of cases, compliance with mandated procedural time limits and deadlines, level of automation and systematization of procedures, user satisfaction with court performance, reduction in case loads and in use of dilatory tactics, judges' proactivity in case management, turnover rate of judicial staff, skill level and job performance, and number of citizen complaints.

--- ***Judicial Transparency*** to assess impacts on variables such as existence of internal controls and discipline system, enforcement of code of ethics, feedback on citizen complaints, diffusion of knowledge on oral procedures, dissemination of judicial branch annual reports and perceptions of corruption.

--- ***Access to justice*** would seek to assess impacts on such variables as availability of alternate dispute resolution mechanisms, creation of and satisfaction with mobile courts, availability of culture sensitivity training for judges and staff, citizen outreach mechanisms, re-mapping of courts' geographical jurisdiction to maximize accessibility, mobilization of awareness of citizen rights,

² There is no adequate English translation, although sometimes defined as injunctive relief and constitutional protection

quality of legal services to especially needy citizens and court services in the language of the user and information on the cost of and demand for legal services.

--- *Project coordination, monitoring and evaluation, and learning* to assess impacts on improving capacity of BANOBRAS and enhancing capacity for monitoring and evaluation reviews, and promoting learning among change agents in states on the strategies and tactics of judicial modernization.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Document number: 28141-ME Date of latest CAS discussion: April 15, 2004

The current Country Assistance Strategy of the World Bank Group in partnership with the United Mexican States (Report No. 28141-ME) highlights the importance of assistance to the judicial system, which it considers to provide inefficient and inadequate services. In the CAS discussion by the Executive Directors in April 2004, it was agreed that the institutional reform agenda, as outlined by Mexico's 2001-2006 National Development Plan, is fundamental to improve basic services, especially for the poor. Furthermore, the National Development Plan assigns a high priority for improving the justice sector. Therefore the objective of the Bank's partnership with the judiciary is to undertake a progressive judicial modernization process to strengthen the state courts and make their operations more transparent.

2. Main state judicial sector issues, Government and BANOBRAS strategy:

Institutional Context of State Courts. Mexico's justice system is comprised of 2 systems (the state system comprising of 31 state courts plus the Federal District court, as well as the federal court system) along with corresponding ancillary justice institutions. The legal framework for the court system is detailed in the Federal Constitution of Mexico (see, for example, Arts. 13-23, 40, 41, 94-107, 116, 133), state constitutions, the Organic Laws of the court systems, as well as procedural laws regarding civil, family and criminal matters. State courts and other justice sector agencies are organizationally independent of the federal system, operating under separate organic, procedural, and substantive laws.³

Box B 2.1 provides a very simplified schematic of the federal/state-judicial/executive organizational landscape, for the purpose of highlighting state judicial systems' (and their interplay with other actors in justice administration)⁴.

Overall (federal plus state) there are about 6,000 judges (justices, *magistrados*, judges, judges of the peace etc.) in Mexico (about 16,800 persons per judge). About 3,600 belong to the state judicial branches (about 28,000 persons per judge), and the rest to the federal judicial branch and administrative courts at the federal and state levels⁵. According to data for the most recent year available (2000), the annual budget for the federal judicial system is about 16 billion Pesos, and for the state judicial systems is about 6.7 billion Pesos (combined total for the 31 states and the Federal District).

The overall judicial system receives about 1 million new cases per year, which pertain to civil, family and criminal matters. The federal judicial branch, the federal administrative courts and the state administrative courts generally handle other matters, which include *amparos* from state court systems, and labor, agrarian, fiscal, bankruptcy, and other matters.

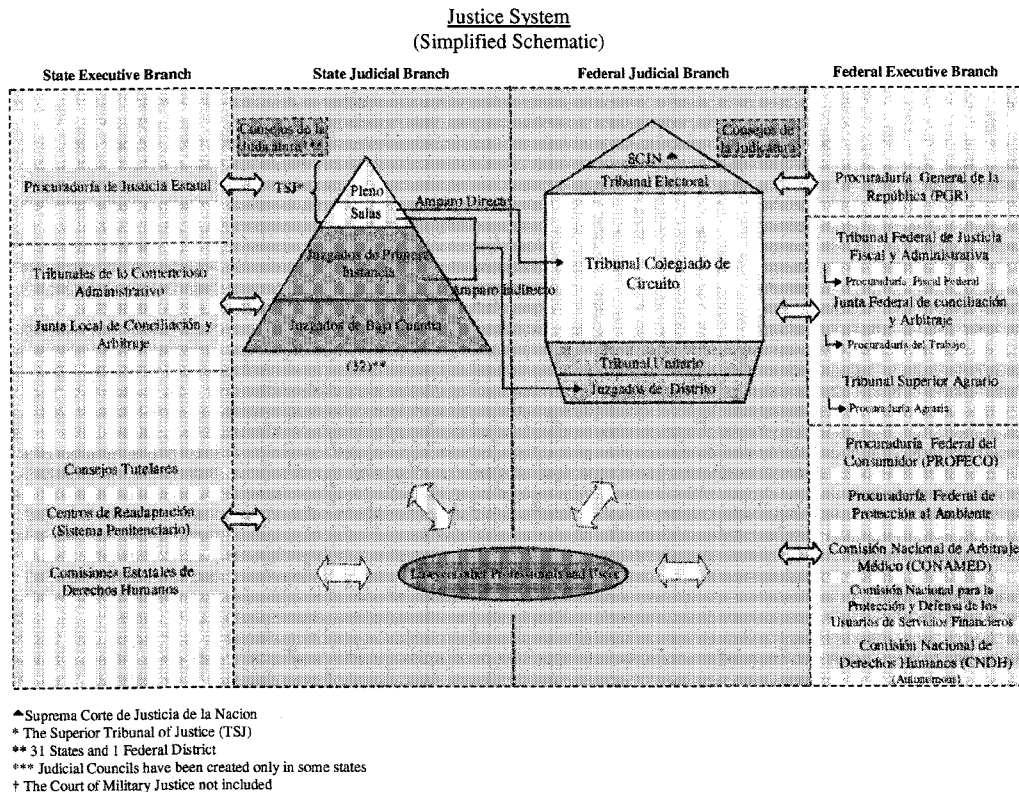
³ The institutional context and challenges of state judiciaries are described in Annex 9. A brief review of judicial reform in Mexico is in Annex 10. A bibliography of sector reports, studies and documents in Project files is in Annex 8.

⁴ Mexico, has a civil code tradition. Its justice sector institutions are distributed between the judicial and executive branches of government, and the federal and state levels. At the federal level, in addition to the federal courts (the federal judicial branch), there are several administrative courts and agencies that are part of the executive branch (e.g. *Tribunal Federal de Conciliación y Arbitraje*, responsible for hearing labor disputes) responsible for justice provision. At the state level, the distribution of judicial institutions generally mirrors the federal pattern.

⁵ Based on Mexico's population of 100.9 million in 2002.

Reviews indicate that about 80% of all judicial cases in Mexico, or some 800,000, are handled by state court systems. The state courts hear civil, family and criminal cases (typically about 60, 20 and 20 percent respectively). The state court system lacks adequate financial, human and other resources to meet the accumulated and growing demand, and social and economic needs of the population. Their institutional capacities are weaker than the federal courts⁶.

Box B 2.1



Overall External and Internal Problems of State Courts (See Box B 2.2). Consultative workshops with judges, administrators in 11 different state courts as well as consultations with users, an External Advisory Group, and the review of prior studies, provided broad diagnosis of the weaknesses of these state courts. Some were those that are typically in the scope of the states' machinery. Other problems are only partially under the control of the states. These are heavily dependent upon the operation and legal jurisdiction of the federal judicial system and its ancillary institutions (and to some extent the administrative courts run by the state executive branches).

Many of these **two broad sets of problems** are interrelated and difficult to separate. They are shown in a simplified graphic in Box B.2.2. Prominent **external weaknesses** include: low public confidence in the courts, subordination of state courts to the federal courts through the use of *amparo*, confusion regarding the jurisdiction of judicial authorities in commercial cases (*concurrentia mercantil*), among others. **Internal weaknesses** include poorly designed policies, weak judicial independence (due to subordination of state to federal courts and occasional problems with political and media pressures), weak monitoring of professional performance, lack of institutional capacity and resources, and overly formal and deficient procedures that stem from a lack of adequate and up-to-date legislative frameworks. Functional weaknesses include inadequate case management, significant caseload delays, insufficient statistical registries, inefficient bailiff and clerk operations and supervision, and uneven workload distribution, among others. (ref. Annex 9) These are apparent problems, but as the *Juicio Ejecutivo Mercantil* (JEM)

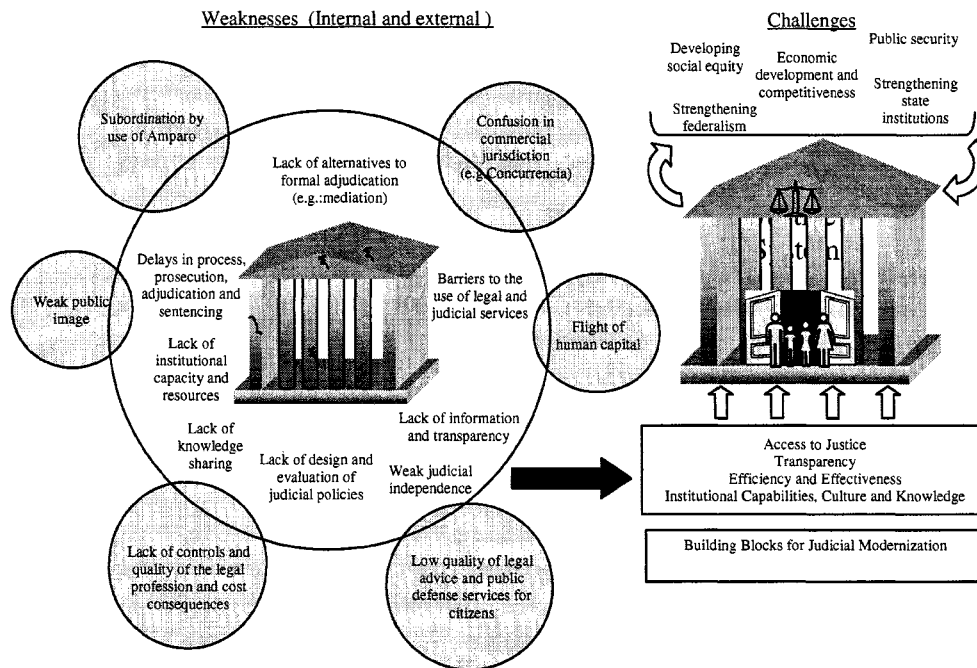
⁶ In terms of technical base, physical infrastructure and human resource capacity, among others.

research the Bank conducted showed, until individual state studies are done, distinguishing reality from appearance is generally difficult.

In response to these problems, some states have already advanced judicial modernization efforts (e.g. Tabasco, Guanajuato, Estado de México, Aguascalientes, Nuevo León, Chihuahua and others), and are in different stages of implementation. However, across the board there are institutional problems such as weak strategic planning and capacity. There also is a need for better measurement of results, appropriate incentives for change, citizen participation and sharing of good practices and knowledge so that the pace and impact of modernization efforts is improved nation-wide. Weak coordination and learning also affect most judiciaries.

Box B.2.2

Judicial Modernization Framework



Government and BANOBRAS Strategy:

Project development has been participatory and would continue through implementation, involving consultations with local judges, court administrators and users. Bank coordination for consultations with states has been through the *Comisión Nacional de Tribunales Superiores de Justicia* (National Commission of State Courts, NCSC) in liaison with the *Secretaría de Hacienda y Crédito Público* (SHCP) and BANOBRAS. This collaboration and participation would continue during Project implementation. So far modernization plans have been drafted by eleven states (Aguascalientes, Baja California, Chihuahua, Colima, Guanajuato, Nayarit, Oaxaca, Quintana Roo, Puebla, Sonora, and Estado de México). A description of the participatory process and technical mapping of these draft modernization plans is provided in Annex 11, as a working guideline for states in advancing planning initiatives, and for BANOBRAS to help make optimal “go/no go” decisions on funding the diverse modernization plans.

BANOBRAS is currently determining the financial viability of these states to determine which can participate in the initiation of this Project.

The *Fox administration* has assigned high priority for assistance for overcoming the state judicial institutions' deficiencies. The Presidential Public Policy Advisor and Legal Advisor have validated assistance for modernization efforts in a few states initially and expansion of assistance through follow-on (repeater) projects.

National and state leaders in public and private sector (such as governors, judges, academia, businesses and others) generally recognize the importance of state judiciaries and are aware of the problems that affect their performance. They seek to support, facilitate, and collaborate to strengthen public institutions and their relationships at national and state levels, and among different branches of government.

BANOBRAS has decided to open a new line of assistance to states for strengthening judicial institutions (Credit Program). It is taking the lead (in collaboration with the NCSC and the state judicial branches) in the development of the arrangements for assisting state judicial branches to help improve their performance.

Since BANOBRAS (borrower) will be diversifying its portfolio through this Project lending to states (via subprojects) in a sector which is "new" to BANOBRAS (judicial sector), a flexible-phased strategy is being adopted. The strategy would produce "know-how" and institutional capacity development within BANOBRAS, and other institutions (e.g. NCSC) that may participate in the Project.

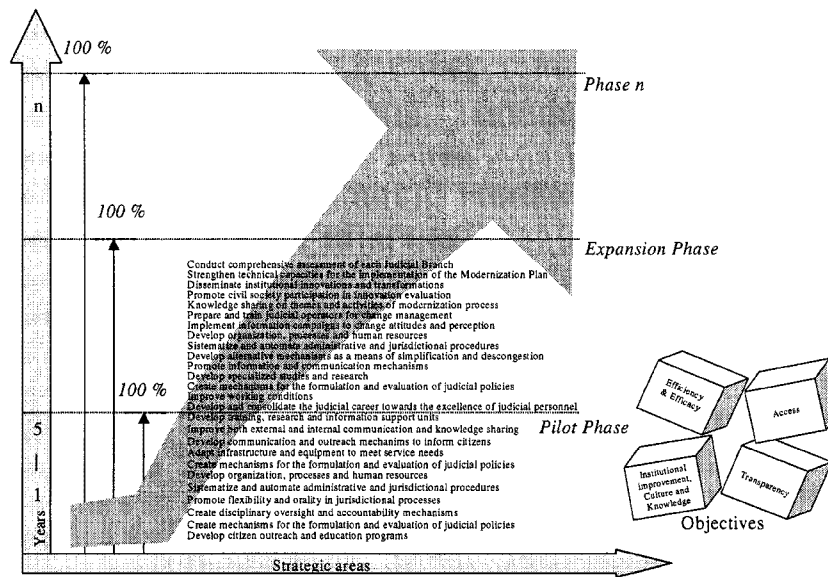
The technical strategy to support judicial modernization (see Box B 2.3) is to begin implementation with a few states and expand coverage progressively, building in knowledge-sharing within and among the states and others who are interested in improving judicial performance, demonstrate results, replicate good practices, measure impacts and inform stakeholders. BANOBRAS plans to promote the ongoing participatory process for Project development, where the NCSC and individual state judicial branches have taken the lead in developing judicial modernization plans in coordination with state governments by consulting stakeholders. The consultative process involved working-group "reflection and planning" sessions with judges, court administrators, and user groups in different states (see Annex 11 for details). It is expected that starting small with a few states and sharing knowledge with all states would have the requisite multiplier effect to promote broader nationwide modernization efforts and increased demand for BANOBRAS.

Judicial modernization is a medium to long term learning process. So another element of the Government and BANOBRAS strategy is the support of Judicial Modernization Plans prepared by the states based on their individual needs using a flexible methodology and framework⁷.

Judicial modernization efforts answer a bottom-up demand for transparency, access and efficiency. But past efforts to modernize have suffered from a lack of an integrated approach; a lack of focus on the effects of federal-state judicial interaction, a limited judge-centered approach and insufficient attention to judicial independence and users. Judicial modernization must take these lessons into account for subproject design, for improved access to justice, transparency and efficiency. Strengthening the institutional capacity of the state judiciaries is thus integral.

⁷ This was developed by the Mexican and international experts with Bank's technical assistance and support, as a product of the consultative process with eleven states, the NCSC, SHCP, BANOBRAS, External Advisory Group and others. See PAD Part C1, Annexes 2 and 11 for the description of judicial modernization thematic building blocks, the participatory methodology and the initial mapping of state modernization plans.

Towards Judicial Modernization: Development Path



Box 2.3

3. Sector issues to be addressed by the project and strategic choices:

The proposed project would address the capacity, efficiency, transparency and access needs of the participating states' judiciaries. It would also begin to address BANOBRAS' capacity to take on lending in the judicial sector, and would facilitate knowledge-sharing through promotion of collaboration (where necessary) with the NCSC, donors, academia and others.

However, state judiciaries confront a unique set of social realities and institutional challenges—diverse user needs, weak capacity, only very recent modernization experience and outdated legal frameworks. Such diversity, along with the number of Mexican states makes a “one-size-fits-all” approach to reform not only impracticable, but unattainable. Innovation and learning that gradually increase ownership, enhance impacts and reduce resistance to change are required.

The **first** strategic choice was to focus on a few states and support institutional development of the judiciaries (instead of programmatic loan assistance) through the provision of a flexible set of judicial modernization building blocks to develop strategies. That was because challenges of state judicial systems vary in degree and scope, as does their ability to respond to them. For this purpose, the phased “building block” approach to overall institutional capacity building is proposed.

The **second** strategic choice was to promote the development and implementation of integrated state judicial branch modernization plans with a participatory “learning while doing” approach. This aims to ensure demand driven commitment, and provide real impact assistance for results on the ground. This should help consensus building and achieve results on the ground that are sustainable. Semi-annual reviews would be conducted to check on this process.

The **third** strategic choice was to adopt a flexible approach for project development and implementation. That is because of the need for open-endedness in addressing 32 states with diverse interests and requirements. This is also key to overcoming resistance to change, and building judicial leadership. Although time consuming, this approach is considered best suited to such complex changes as reforming and modernizing judiciaries. This approach could help promote synergies among states and judicial institutions, and may contribute to saving costs.

The **fourth** strategic choice is to leverage partnerships where possible, especially for access to justice and transparency related activities. Citizen access to justice is multi-dimensional and complex. A broad and innovative set of measures would be promoted by Participating States under the modernization plans, with special emphasis on the assessment of disparities (supply and demand gaps) and building partnerships between judicial branches (and BANOBRAS, NCSC and national universities) with public, private and social institutions' at all levels to begin to address this major challenge.

These partnerships could possibly be with (on different topics and themes) institutions such as state Secretarías de Hacienda on citizen education on the economics of rule of law and its impacts on national competitiveness; Consejería Jurídica de la Presidencia and State Governors on citizen education, values of law in society and public administration in union of federal states; Instituto Nacional de la Mujer on gender related matters; PGR and state Procuradurías on women and men victims' rights and responsibilities; state justice institutions on labor and administrative matters; state legislatures on the need for *pro-se* representation; INEGI on judicial demographics and statistics; National Commission for the Development of Indigenous Peoples (CONDEPI) on indigenous justice matters; Culture Development Ministries on culture sensitivity training of judges in indigenous areas; government small business development agencies on small claim dispute resolution matters, GOM's poverty alleviation related agencies at the national and state levels on "voices of the poor for access to justice" and other equity matters; civil society, business, construction, transport, municipal, medical associations on specialized topics and interests. Also the Association of **Mexicans living abroad** (e.g. USA) would be explored for co-funding activities related to citizen and youth education on justice (e.g. student judges program). Financial institutions, manufacturing groups and banking associations would be tapped for community outreach and education programs through the federal and state agencies (e.g. education, finance, industry, competition, commerce, etc.). Donor agencies and think tanks may also be approached to test new initiatives and complement Project resources.

In promoting access to justice, a declaration drafted at the 2002 VII Iberoamerican Summit of Presidents of Supreme Courts and Tribunals of Justice in Cancun would be useful as well (www.iberius.org). It was the product of a consensus between the representatives of the judicial branches of the 22 countries present at the summit. It aspires to provide a point of reference for the right of access to justice for all individuals and for the disadvantaged in particular, and to provide a compendium of good practices in justice administration.

The **fifth** strategic choice was to concentrate on knowledge-sharing and transparency of information. This was designed to help raise awareness, build consensus, generate support, improve the knowledge base for reform, and deepen understanding of the state courts' roles in social and economic development. These are considered essential for helping to fill the present policy gap about the future directions for judicial modernization and reform. This would also help coordination with other donors and in sequencing learning activities through leveraging other experiences.

Under knowledge sharing, choice has also been made to promote citizen information on public institutions. The national transparency law provides a useful mechanism for promoting dialogue, so that states can fashion their own response and develop appropriate transparency mechanisms. Transparency in the public sector and federal governance was broadly strengthened by the Federal Freedom of Information Law⁸ (*Ley de Transparencia*) of June 2002, which established the public right to information held by government agencies and created the Federal Institute for Access to Public Information (consisting of five commissioners appointed by the Executive Branch for a single term of six years) to implement the law. Broadly stated, the intent of the law is to "make public administration transparent," to encourage

⁸ Salient features of the law include: the designation of all information relating to the administration of government agencies as public; the requirement that public agencies provide direct access to information relating to institutional directories, budget, salaries, services and procedures, contracts and public works; the publication by the Federal Judiciary of sentences or rulings; the right of the public to request information that is not already available through a simple and expeditious process, with a right to appeal if that request is not granted. Categories of exemption to the disclosure of information include national security (with the notable exception of cases of human rights violations), international relations, economic stability, personal privacy and ongoing legal or law enforcement procedures (classified information is reopened after a period of twelve years).

accountability to citizens” so that they may evaluate the performance of government agencies, to “improve the organization, classification and handling of documents,” and to contribute to “the democratization of Mexican society and the full operation of the rule of law” (Article 4).

In addition to breaking new ground at the federal level, the law has provided a framework for dialogue and discussion at the state governance level for strengthening transparency in the administration of public agencies. Several state judiciaries are in the process implementing initiatives, organizing seminars and consultations to raise awareness of the institutional and social benefits of transparency in the management and publication of information at the state level.

The **sixth** strategic choice was to develop capacity of BANOBRAS in this new sector, through semi-annual implementation reviews to be conducted in collaboration with NCSC and others. The good practice judicial modernization experiences of states and research and evaluation experiences of national institutions such as CIDE, ITAM, IBERO, UNAM, and of state and federal judicial training and development institutes and institutions may be leveraged to develop this learning process. An External Advisory Group has also been identified for the Project (see Annex 13). BANOBRAS may consult the advisory group, on as needed basis, regarding strategic judicial modernization issues, knowledge sharing, dialogue with civil society, and the media, and review of existing and new judicial modernization plans. Also, as complement to the Project, grant (and federal) funding will be sought to strengthen BANOBRAS’s collaboration with NCSC and other institutions and promote good practices and set the stage for expanded follow-on support to meet demand. The overall investment needs of state courts over the next ten to fifteen years are estimated at about US\$200-250 million.

C. Project Description Summary

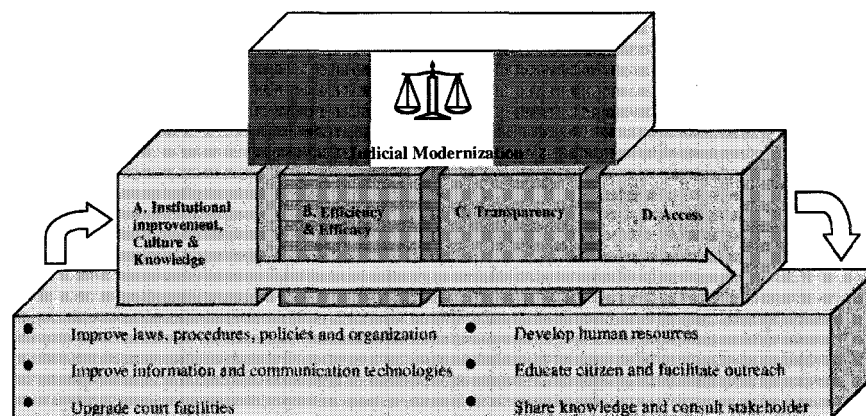
1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

Four main components or thematic building blocks (see Box C 1.0) have been identified as preconditions to enable state judiciaries deliver adequate justice services. As noted, the Project would fund subprojects or separate projects in “participating states.” Each of these subprojects would be complete in themselves, consisting of the design and implementation of integrated state judicial branch modernization plans consistent with the Project’s objective.

The *features* of these strategic components are:

Box C 1.0

Thematic Building Blocks:



A. *Institutional improvement, organizational culture and knowledge diffusion.* This emphasizes strengthening institutional capabilities, development of a culture of service and increasing knowledge about justice institutions and their operations. It also concerns strengthening jurisdictional processes and raising awareness of the judicial function. It encompasses: (a) improvement of the capabilities of judges and staff in such areas as strategic planning and budget programming, judicial organization, technology use, dissemination of institutional innovations, sharing modernization plans with stakeholders, encouragement of civil society to participate in the evaluation and feedback on institutional transformations and impacts; (b) awareness raising of judicial operators to act consistent with a culture of service and continuous improvement by focusing on human resources, knowledge development, leadership development for change management and promotion of public outreach and educational campaigns; and (c) sharing knowledge with local, national and international judiciaries and other institutions involved in judicial modernization.

B. *Improving efficiency and effectiveness of judicial services.* This addresses improving the efficiency of judicial branches and the effectiveness of judicial decisions to raise productivity and quality whilst reducing costs and delays. It encompasses: (a) the better design, follow-up, control and evaluation of judicial policies with respect to jurisdictional and administrative management; (b) improvement of the judicial branch management model, procedures and organization through reorganizing functions, optimizing and rationalizing the use of resources, developing new working methods, systematizing jurisdictional and administrative procedures, defining, case backlog reduction programs, and rationalization of case distribution among courts; (c) design and implementation of a judicial career system with emphasis on professional development and independence, with suitable incentive systems; (d) systematization and automation of procedures focused on case management and documentation for the Superior Tribunal of Justice, first instance courts and other courts, and finance and human resources systems for the Branch's administrative structure and/or Judicial Councils; (e) development of training, research, information and document centers for judges and operators at all levels; (f) development of information for decision making and interpretation; (g) provision of equipment and infrastructure for designing and implementing of ICT plan with comprehensive information and technical specifications; (h) design and implementation of plan for construction, rehabilitation and remodeling of courthouses and judicial offices; and assistance for pre-investment studies on further enhancement of the efficiency and efficacy of the Judicial Branch.

C. *Increasing judicial transparency.* To convert jurisdictional entities into service-oriented institutions whose activities are subject to greater public awareness and scrutiny and hence to give them incentive to perform better. This block encompasses: (a) creation of new or the strengthening of existing organizational units responsible for the dissemination of information about jurisdictional and administrative procedures, and for the management of judicial documentation to support judges and judicial operators, including the establishment of judicial information and documentation centers and information and citizen orientation offices; the carrying out of outreach campaigns to provide information about the functioning and structure of the judicial system; and the development of annual performance reports by the Judiciaries including relevant auxiliary institutions; (b) development of discipline and accountability mechanisms for judges and judicial operators by developing a Judicial Code of Ethics and appropriate sanction mechanisms, a system for the receipt of complaints against judicial operators and documenting the outcome of investigations, accountability mechanisms for personnel of the Judicial Branch; (c) organizing events disseminating the benefits of an enhanced transparency of judicial processes, such as, the strengthening of oral trials; and (d) carrying out studies and research on improving transparency about discipline systems, access to information, accountability systems and judicial ethics.

D. *Strengthening access to justice for all users.* To increase accessibility to justice administration by reducing barriers to services, this block encompasses: (a) development of special programs for women, minors, indigenous peoples and other poor and socially disadvantaged users of the judicial services and small entrepreneurs, such as outreach events to provide citizens with a greater understanding of the judicial branch, of their rights and responsibilities, and help judges to gain a greater understanding of the realities of their social context; school orientation and education programs for children and adolescents to gain a greater understanding of justice administration; and community outreach seminars on gender-based

violence; promoting a gender dimension of judicial systems; and access to justice for indigenous populations; (b) creation of new, or the strengthening of existing alternative dispute resolution institutional mechanisms, including awareness-raising and educational campaigns; (c) development of innovative programs aimed at diversifying the range of judicial services, such as strengthening of existing small claims justice at the municipal level, creation of mobile small claims courts in judicial districts, and establishment of citizen information and orientation centers; (d) development of training programs for public defenders, legal aid providers and staff of public prosecutor's offices, including the development of a pilot legal aid and orientation program, and the organization of workshops and seminars to develop public consensus on problems facing the Judiciary; (e) development of programs to improve the interactions between the Judiciary and legal professionals, including private attorneys and bar associations; and (f) carrying out of studies for the strengthening of access to justice for the public at large, with special emphasis on the poor and disadvantaged populations.

Project Costs and Bank Financing.

The Bank will partially finance consultant services, training, goods, and rehabilitation and works through subprojects. Costs at the central level will be borne by BANOBRAS (Borrower) in the provision of procurement and financial management training in collaboration with the Bank.

Additional resources are expected to be mobilized by the Federal Government for the Project starting in 2005 for NCSC strengthening and promotion of good judicial modernization practices under Component E of the Project⁹. Terms of reference for NCSC strengthening is provided in Annex 12. Additional grant financing may be explored to provide Participating States complementary funding for further support.

Component	Indicative Costs (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing
A. Strengthening Institutional Capabilities, Culture and Knowledge	9.00	24.0	7.50	25.0
B. Improving Efficiency and Effectiveness of Judicial Services	10.20	27.2	8.70	29.2
C. Increasing Judicial Transparency	6.00	16.0	4.50	15.0
D. Strengthening Access to Justice for All Users	7.00	18.6	5.00	16.6
E. Project Coordination, Monitoring and Evaluation and Learning (including pre-investment assistance)	5.00	13.2	4.30	14.2
Total Project Costs	37.20	99.0	30.00	100.0
Front-end fee	0.30			
Total Financing Required	37.50	100.0	30.00	100.0

2. Key policy and institutional reforms supported by the project:

A judicial system that provides timely, efficient and accessible services to a diverse society and that can meet changing economic needs is a prerequisite for improving governance, promoting economic development and foreign investment, and curbing corruption and violence. The proposed Project would support judicial reform efforts in participating states through credit program financing to support capacity building, and make justice services more accessible. A particular focus would be providing socially and economically disadvantaged groups with legal assistance and information, thereby instilling a greater public trust in justice sector institutions. BANOBRAS would launch a new area for assistance to states (judicial sector), thereby improving government capacity to promote development at the sub-national level.

⁹ Pursuant to the recommendation of the Senior Public Policy Advisor of the Presidency in a meeting with Sub-secretary of Finance.

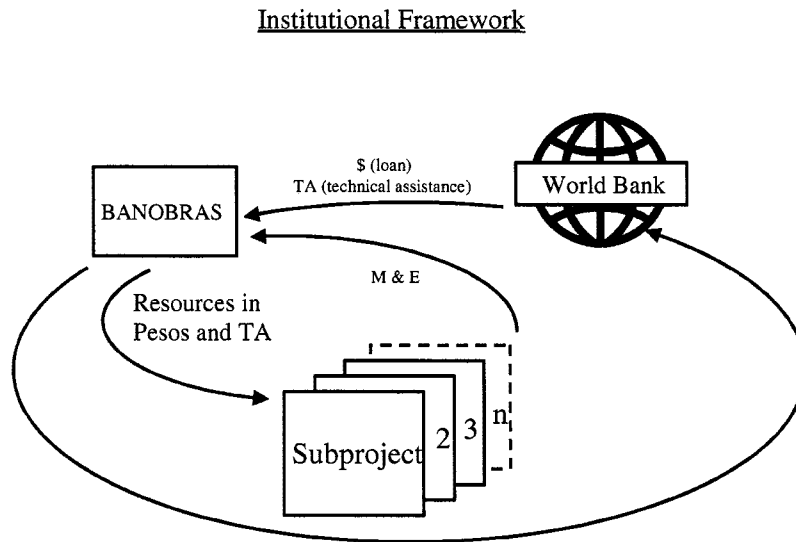
3. Benefits and target population:

In participating states, main benefits include: *improved service and performance* of the state courts; *increased public confidence* in state institutions, in particular state judicial branches; and *optimized* resolution of disputes and possible reduction in level of social conflict when improvements are mainstreamed. Operators of the state judicial branches will benefit from modernization since their work will be enhanced, and the institutions they work for will improve, as will organizational culture and knowledge. Users of the state courts will directly benefit since eighty percent of cases (all civil, family and commercial cases, as well as criminal cases that do not fall under federal jurisdiction) are handled there. As noted, in states with better functioning courts, firms are larger and more efficient, a finding attributed to entrepreneurs' willingness to invest more in their companies when they believe their rights are more secure¹⁰.

In particular, socially and economically vulnerable groups such as women and indigenous populations will benefit from the greater accessibility and openness of the system, including the provision of dispute resolution alternatives such as mediation. Greater confidence in the justice system would result from improved performance. It is anticipated that other civil society groups—e.g. businesses, tenants' groups or consumer groups—will also benefit since their disputes will be more efficiently and equitably resolved.

4. Institutional and implementation arrangements:

Overall Institutional Arrangements. BANOBRAS will be the borrower and implementation agency for the Project. SHCP would provide the Guarantee for the FSL (with embedded option to convert disbursed amount into Pesos). The subprojects would be implemented by the participating states (and judiciaries) with credit program of BANOBRAS and the World Bank and collaboration of the NCSC and others as needed. See Annex 4 and Chart below.



¹⁰ Laevan, Luc, and Christopher Woodruff. 2003. "The Quality of the Legal System, Firm Ownership, and Firm Size." Working Paper, University of California at San Diego, Under Publication

Project Implementation Arrangements. The Project would be implemented on two levels. The first (BANOBTRAS headquarters level) concerns the central arrangements for the dissemination, supervision, monitoring and control and learning arrangements for the Bank loan. The second level concerns subproject implementation arrangements, specifically pertaining to the operational arrangements for the design and implementation of state judicial modernization plans.

BANOBTRAS and the Participating States would carry out their respective activities under the Project, including the Subprojects, in accordance with the **Operational Manual (OM)**, satisfactory to the Bank. BANOBTRAS has already prepared a draft of the OM, satisfactory completion and approval by the Bank would be a condition for Loan effectiveness.

The OM would include provisions detailing procedures and guidelines of Project implementation pertaining to: (i) the Eligibility Criteria (technical and financial, see ahead), and procedures for BANOBTRAS to assess whether a State meets such criteria; (ii) terms, conditions and standard contractual provisions for the Credit Agreements and Transfer Agreements; (iii) terms of reference for the Participant States, procedures and timetable for the provision of counterpart funds and the establishment and maintenance of financial management, disbursement accounting and auditing systems for the Project, including the Subprojects; (iv) Guidelines for the development of Judicial Modernization Plans, including the identification of indicators to monitor progress in the implementation of such plans; procedures, requirements and standard contractual terms for the procurement of works, goods and consultants' services financed under the Project, including the Subprojects; (v) terms of reference and procedures for the monitoring and evaluation of Project implementation, (for BANOBTRAS) and the Subprojects (for the Participating States); and (vi) guidelines for consultation with civil society and the media, and dissemination of information related to the Project, including the Subprojects; and (vii) a prohibition on the carrying out of any works under the Project that would trigger the involuntary resettlement of people and/or businesses from the work sites.

Eligibility Criteria to be used in the selection of States to participate in the Project include:

(1) **Technical Criteria:** The Judicial Modernization Plan must be consistent with the Project objectives and viable in terms of having an integrated institutional perspective, promoting a culture of service; and providing an efficient distribution and management of resources, and should be developed through a participatory process including consultation with relevant stakeholders:

- **Integral Perspective:** Judicial Modernization Plans should be the product of an organizational analysis and should set general and specific objectives and related strategies, measures, and activities, derived from such analysis.
- **Promotion of a culture of service:** The Judicial Modernization Project should state how the judicial branch proposes to interact with its users (serve society), and inform them about its work. How does the Judiciary plan to analyze the characteristics of its users in order to effectively serve them. How does the Judicial Modernization Plan link its modernization plan to the needs and roles of other parties for better administration of justice (e.g., prosecutors, public defenders, etc.). Identify vulnerable users and provide services in accordance with their needs.
- **Efficient distribution and management of resources for the implementation of the Judicial Modernization Plan:** How will the resources requested be used to meet the needs so as to meet the tests of efficacy (the relationship between the quality of services provided, and their ultimate benefits for users); efficiency (the relationship between results obtained and their costs); and service quality (the relationship between results obtained and proper standards for judicial services).
- **Viability without constitutional or legislative reform,** including only such modernization activities (and corresponding resources) that do not require constitutional or legislative reform and can be implemented under current legislative framework. Studies and reviews that would facilitate future reforms may be considered.

(2) **Financial Criteria:** The State interested in participation shall indicate: (a) its commitment and capacity to assume Credit obligations, pursuant to the provisions of its *Normatividad* (local laws and regulations); and (b) its commitment to provide, in a timely manner and as needed, the funds, facilities, services and other resources required for the Subproject, including the counterpart funds required to ensure the timely implementation of the Judicial Modernization Plan.

BANOBRAS would appoint a team of technical staff (the **liaison team**) at headquarters for: (i) carrying out supervision, monitoring and evaluation of Project activities, including the Subprojects; (ii) ensuring effective coordination and timely exchange of information among the staff of BANOBRAS, the Participating State, the Judiciary and the Bank; (iii) overseeing the dissemination and knowledge sharing and learning programs and events. Also BANOBRAS would appoint dedicated regional staff in its decentralized offices (*Delegaciones*), for (i) day-to-day coordination of Subprojects with the Participating States and the Judiciaries; (ii) ensuring the timely completion of technical, financial, impact analysis and progress reports to be submitted by the Participating States to BANOBRAS; and (iii) ensuring that procurement, financial management and disbursement documentation is submitted to BANOBRAS headquarters.

Considering that justice sector operation is new for BANOBRAS, an **External Advisory Group** has also been identified for the Project, comprising independent legal and judicial experts, members of academic and research institutions, and recognized experts from different disciplines and regions of Mexico. BANOBRAS may consult these experts on as needed basis for: (i) providing overall advice and strategic guidance on judicial modernization issues; (ii) ensuring effective knowledge sharing and learning among judicial staff in the Participating States; (iii) proposing effective mechanisms to maintain an ongoing dialogue with civil society and the media on the judicial modernization process in each Participating State; and (iv) assessing the soundness of the strategies and activities proposed under the existing and new Judicial Modernization Plans.

Subproject Approval Procedures (See Annex 4 and OM). A State judiciary interested in requesting financing from BANOBRAS would, through its State Executive, send a **Letter of Intent (Carta de Intención)** with a draft Judicial Modernization Plan and the commitment to allocate the funds, if approved, to the carrying out of that plan. BANOBRAS would review the Letter of Intent, and assess whether the State meets the Eligibility Criteria (technical and financial). Once considered eligible, the State would submit a formal Credit application to BANOBRAS. All Credit applications would be reviewed by BANOBRAS's operations committee (*Comité Interno de Crédito*) as per its credit manual (*Manual del Programa de Crédito*), which sets forth the different terms and conditions for the provision of Credit. Following the approval of a Credit application, BANOBRAS would enter into a **Credit Agreement** with the Participating State, and would require the Participating State to enter into a **Transfer Agreement** with the respective Judiciary, including the agreement of the State Executive to transfer Credit funds to the Judiciary for the implementation of the Judicial Modernization Plan in accordance with the respective State Organic Laws.

Annual Operating Plan (AOP). For the purposes of carrying out the Project, BANOBRAS in consultation with the Judiciary in each participating state would prepare a consolidated annual operating plan (AOP), including a description of activities (based on the individual annual operating plans prepared by each one of the Participating States) proposed for the upcoming year, a budget, a financial plan (detailing the amount of counterpart funds to be provided in such year), a training and knowledge sharing program and a procurement plan for the procurement of works, goods and consultants' services required to carry out such activities.

Subproject Implementation Arrangements. For the design and implementation of state judicial branch modernization plans, the Judiciary in each Participating State would establish within the *Presidencia del Supremo Tribunal de Justicia*: a monitoring and evaluation committee of judicial experts (CCS) supported by a **judicial modernization support unit (PCU)**. PCU functions and responsibilities would include: (A) providing operational support to CCS; (B) developing, implementing and updating the

Judicial Modernization Plan; (C) collecting and disseminating judicial statistics; (D) disseminating and publishing court resolutions; (E) conducting stakeholder surveys and public opinion campaigns; (F) carrying out learning and knowledge sharing events; (G) disseminating good practices and results achieved throughout the implementation of the Subproject; (H) preparing and submitting reports; (I) reviewing jointly with BANOBRAS and the Bank, progress achieved by the Judiciary in the implementation of its respective Subproject Investment Activities, on the basis of the annual operating plans; and (J) identifying any possible obstacle or difficulty affecting or threatening to affect Subproject implementation, and proposing appropriate solutions to such obstacle or difficulty. The PCU staff would include: (i) a coordinator for day-to-day administration, (ii) a full-time procurement specialist for procurement and records keeping and (iii) a full-time financial specialist for accounting, auditing and preparation of consolidated financial reports required by the Judiciary and BANOBRAS and the Bank.

Semi-Annual Project Reviews. BANOBRAS would carry out monitoring and evaluation reviews using the Monitoring Indicators (see Annex 1) to: (i) evaluate progress achieved in the implementation of the Judicial Modernization Plans, the fiscal impact of such plans, including an assessment of the need to adjust, update or amend such plans; (ii) assess the timeliness and adequacy of transfer of Credit funds to the Judiciaries and their provision of counterpart funds; (iii) exchange views on progress achieved in the implementation of the annual operating plans, during the previous year, and proposed activities for the upcoming year; (iv) identify any issues that may delay or impede the implementation of the Judicial Modernization Plans, and propose any solutions to resolve such issues; (v) review the quality and efficacy of access to justice programs and strategies referred to in Component D of the Project, and propose any remedial action, if needed; (vi) evaluate the quality and impact of the knowledge sharing programs to ensure wide dissemination of lessons learned and good practices; and (vii) seek the views of the CCS in each Participating State, the NCSC, the External Advisory Group and other relevant civil society organizations with regard to the implementation of the Judicial Modernization Plans.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

The alternatives considered and reasons for their rejection are:

Special features of judicial sector capacity building. Judicial reform and development involves a complex set of legal, capacity building, access to justice, and cultural factors which cannot be easily reflected in distinct and manageable policy conditionalities, therefore an adjustment lending instrument is not considered appropriate. Since judicial reform is a long term process, an adaptable program loan may have been feasible, but there is no concrete policy framework at the central or state level that can take on this responsibility at this time. In view of these complexities, the needs of states and knowledge sharing requirements, a stand-alone technical assistance to participating states is considered preferable especially as the Project focus is to improve institutional performance. The possibility of preparing a LIL (of up to US\$5 million) would be resource deficient. Flexibility and timing in the provision of technical assistance are also considered key.

Strengthening generic institutional aspects of judicial performance and learning versus legislative reform. The current legal framework of state courts already permits change to occur in many key aspects of judicial performance. External issues emerging from the federal courts do create problems for the state courts, and vice versa, but there is adequate room for improvement at the state level without engaging in external issues.

In participating states, knowledge-sharing and study activities envisioned under the Project seek to facilitate future systemic reforms. They also look to help external factors including the subordination of the state courts through the recourse to *amparo* at the federal level, and to conduct studies on the problems of judicial and legislative overlap (*conurrencia*), on the extent of delay caused by the use of *amparo* (direct and indirect) in participating states, and on the legal services market with a view to assess its impact on judicial pay and incentives, accountability, control and ethics. The review of the legal services market, given its historical origins and significance, would also identify mechanisms on how to

further improve the quality of the legal profession over the medium term at the national level and in participating states. It may also include reviews to assess the introduction of oral procedures in different courts that may help to bridge the current gap between the courts and society. All these studies will benefit from the recently completed research project on *juicio ejecutivo mercantil*.¹¹

Promote citizen outreach, transparency and information versus broad anti-corruption measures.

Because of low citizen confidence, a choice is being made to give high priority to promoting citizen outreach among all justice sector institutions (e.g. *procuradurías*, public defender offices, labor and other tribunals). The kiosks developed by the State of Colima in different public (e.g. municipalities) and private (e.g. Walmart) institutions that offer citizens legal and judicial information could serve as a good model. At the same time, the Government is pushing anti-corruption independently through its democratization measures and a broad anticorruption/transparency project is being prepared by the Bank to support these efforts. Also there is a difficulty in consolidating the broad-based political will to support the necessary institutional arrangements. Overall, in the participating states a more preventive approach that raises citizen awareness and builds capacity is considered to be the priority choice. Since the approach is to promote learning, experience with the new federal transparency law would be shared with states, and improvements encouraged.

Generate “incentives” to improve present legal culture without awaiting new laws to regulate the market for legal services, and improve sanctions on lawyers engaged in dilatory tactics. The caseload and high cost of justice are caused by the weak performance of the litigants and their lawyers as well. Some consultations indicate that the sheer number of law students who enter into the market has affected the overall quality of new graduates in many states. Laws also discourage judges from taking a proactive role in case management. Adapting these laws and streamlining many of these procedures requires legislative reform that would take time. Instead, culture changing measures to instill a concept of service addressing the costs of justice for citizens are likely to help build confidence in the system. State eligibility in the Project depends on a technical evaluation process which uses "promotion of the culture of service" as a criterion.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Study -- Court Case Analysis and Reform Priorities (<i>Juicios Ejecutivos Mercantil</i>) -- 2000-2002	Public Sector AAA	S	S
Other development agencies			
USAID – Studies of criminal justice caseload, Law reform. Studies on Oral Procedures and Access. Mediation training program, and Training Assistance.	S		

¹¹ Hammergren and Magaloni 2002.

IDB – Planned support for justice sector	NA
Spain – Judicial training and scholarship program for federal and state judges to attend training courses in Barcelona. Summit of the Presidents of the Supreme Courts of Iberoamerica and follow-on activities.	S

EU Programs for NGOs, Training, ICT support, Studies and other areas	S
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Germany Support for studies on oral procedures	S
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IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

In 1999, the ITAM completed the first part of a study entitled *La Administración de Justicia de las Entidades Federativas Mexicanas a Partir del Caso de la Cartera Bancaria*, on the impact of the macroeconomic crisis of 1995 on state courts' performance. The diagnostic *La Justicia Local en México; Una Aproximación de la Justicia Civil y Mercantil en las Entidades Federativas* was completed in 2000. The third part of the study was completed in 2002, *Indicadores de Calificación de la Administración y Justicia Local en las Entidades Federativas Mexicanas*.

With the sponsorship of USAID and the U.S. National Center for States Courts, the *Instituto de Investigaciones Jurídicas* of UNAM completed in 2001 the *Diagnóstico sobre la Administración de Justicia en las Entidades Federativas; Un Estudio Institucional Sobre la Justicia Local en México*.

At the request of the Federal District Court, a diagnostic study of *Juicios Ejecutivos Mercantil* was completed during fiscal years 2000-03 by CIDE with Bank financing. The CIDE also started in October 2002 the operation of a Statistics Center on Justice and Public Security.

USAID is also providing technical assistance encompassing: (a) initial research on criminal case files in the Federal District and Nayarit State to provide recommendations focusing on actions that can be readily adopted by state governments without legislative reform; (b) a direct judges training; (c) fostering training workshops on mediation in several states with the participation of the American Bar Association; and (d) seminars and studies on oral procedures. USAID is also developing a new program for strengthening the rule of law with special attention to criminal justice/law reform at federal and state levels (about US\$5 million per year for the next few years). As per discussions with USAID officials in Mexico City, USAID may be able to partner with Bank funded Project in some states (e.g. Baja California) and fund nationwide research studies identified under the proposed Bank supported Project.

The Spanish Agency for International Cooperation (**AECI**) is currently implementing a bilateral hispano-mexican cooperation initiative, with counterpart participation from NCSC, with the objective of strengthening the judicial education system and seeking to share Iberoamerican Networks. The **European Union** has a Rule of Law Program for direct financing of civil society organizations and training and IT support in Hidalgo, Nuevo León for Procuraduría and others. Also there is assistance for interpreters in indigenous languages. **Germany** has supported with experts in oral procedures and law reform. The Inter-American Development Bank (**IDB**) is contemplating lending to the justice sector.

A primary list of sector reports and studies (including those commissioned for Project preparation) is provided in Annex 8 and some are referenced in the Annexes 9 and 10 on justice sector background, context and challenges.

3. Lessons learned and reflected in the project design:

Strategies matter. Strategic choices and a strategic perspective must permeate judicial modernization work. In the design of this Project deliberate attention has been paid to the strategic dimension. Both the National Development Plan and the Bank's Country Assistance Strategy give overall direction in which development resources should be marshaled for this sector. In complementary fashion, our investment in

a deeply participatory methodology insures that we have vital design input from the users and operators of state judicial branches—those most directly affected and most directly influencing modernization efforts.

Institutions matter. Bank experience in judicial modernization has taught us to value the creation, strengthening and optimization of institutions, even as we work with the individual leaders, operators and users of those institutions. An institutional perspective requires that we focus broadly on the ways in which users interact with operators, the ways that processes are managed, and the ways institutions interact with each other. In this Project, the institutional perspective is reflected in the role accorded to the State Supreme Tribunals of Justice with regard to Project design and implementation. Additionally, intergovernmental relationships are integrated into the diagnostics of the problems, and the overall appraisal of the Project.

Ownership, culture and political economy matter. Ownership—a stakeholder’s sense of responsibility and commitment to a project—is widely believed to be critical to success. Judicial modernization work is no exception, and is expressed at all levels, from the base to the top of the organizational ladder.

The participatory methodology used in each state has been the key to creating a true sense of ownership: having judges and administrative personnel (and users) sit down together in strategic planning workshops facilitated by the Bank (for the first time in their careers). This has enriched internal communication in a way that facilitated common goals to emerge and identify fault lines.

Costs, sequencing, absorptive capacity and sustainability matter. When deciding to commit to a change initiative, good managers in the public sector, want to know its costs and how these costs will be met. In the Project, decisions about costs are predicated on the states making an early and conscious decision to see their participation in the Project as an investment. Once that decision is made, the Project works on the basis of the “building-block” approach.

Impacts and targeting matter. The Project incorporates the lesson that ‘quick wins’ are essential to change efforts. But such short term gains must be linked to an overall strategy with a long term view, and to identified needs. Eleven consultative workshops (and follow-on analysis session and working groups) using cutting-edge methodologies have been held so far, capitalizing on the input from approximately 500 people. An external advisory group has also contributed significant analysis, insight and experience that refine impact. Additionally, with state-specific knowledge of the justice-related needs of disadvantaged populations, the Project would make use of deeper levels of analysis and flexible design for optimal impacts that are appropriate to the social context in which a particular state judiciary operates.

Knowledge and learning matters. Knowledge management and knowledge sharing are means of leveraging experience from mistakes and successes. They are also a way to avoid ‘reinventing the wheel’. Due to the complex implementation of this Project, monitoring and evaluation and knowledge management will play a critical role. The accumulation and comparative analysis of the participating state judiciaries will form a rich bank of data that each participant will benefit from. Knowledge sharing around the “building blocks” and “good practice” activities are one of the strategic approaches used for building constituencies, obtaining high level buy-in and stakeholder investment in the Project, and thus, serving the “learning while doing” approach contemplated for judicial improvements in the participating states.

4. Indications of borrower commitment and ownership:

The National Development Plan 2001-06 outlines the government’s priority of advancing the rule of law in Mexico and building confidence in the institutions of the State. To achieve this goal, the plan points to the need to promote respect for judicial institutions and the law by improving the quality and accessibility of justice sector institutions.

The SHCP would guarantee the World Bank Loan obtained by BANOBRAS to open a Credit Line for financing the Project at the state level.

In a meeting with Mr. Wolfensohn, the President and his economic cabinet, identified judicial reform as one of five areas of special emphasis for future development in Mexico with Bank assistance. In recent months, the Senior Presidential Advisor in the Fox Administration (in Mexico City), and the Legal Advisor to the President (in Monterrey) have been briefed on the Project and are seeking to advance the Project in one or two states in partnership with NCSC and donors (where possible).

BANOBRAS has taken the lead in Project preparation. Its Director and Manager of new products and planning has assigned a technical team to work on the preparation of the Project. Technical specialists have participated in consultation workshops in states and prepared technical inputs for this PAD. The BANOBRAS representative also attended the first meeting of the External Advisory Group (comprising members from academia from different parts of the country) which will assist BANOBRAS on an as-needed basis to undertake semi-annual reviews in participation with the NCSC.

A high level of commitment to judicial modernization has also been expressed by the Plenary of the NCSC, the body that has operated as technical coordinator of Bank assistance on Project preparation, internal review and prioritization of components. With Bank assistance, it has undertaken initial strategic planning and consultation workshops for the preparation of state modernization plans for eleven states. NCSC continues to promote the Project and encourage other states to begin consultative processes and introduce planning mechanisms.

Since the main beneficiaries of judicial modernization are the states, State Governors and secretaries of finance are expressing interest in the Project and are willing to fund state judicial modernization efforts where inter-branch dialogue and development priorities are clear and forward looking, and where they recognize the benefits of improved judicial performance on state's social and economic development and competitiveness. BANOBRAS (via its *delegaciones*) is currently engaged in firming up medium and long term demand for assistance in this sector through consultation with secretaries of finance and governors in various states. At the time of negotiations, BANOBRAS had already received a Letter of Intent from Aguascaliente, Guanajuato, Jalisco and Puebla states, duly signed by the Governor, the President of the Superior Court and the state secretary of finance.

5. Value added of Bank support in this project:

The GOM, BANOBRAS and state judicial branches seek Bank assistance in their judicial modernization efforts in order to bring the Bank's global experience to bear on these efforts.

Mexico specifically seeks to leverage the Bank's technical assistance in capacity building, knowledge development, citizen outreach, access to justice and other areas for improving the efficiency, transparency and accessibility of its administration of justice by adopting a learning while doing approach. Bank assistance would thereby leverage the knowledge base developed thus far regarding the current needs and conditions of justice administration at different levels, and speed up the process of transformation.

The Bank's and NCSC's participation with BANOBRAS, SHCP and others in the Project preparation and implementation will promote knowledge and understanding of the judicial sector and may open doors to reforming other federal and state justice sector institutions over the next years (e.g. there is compelling need to improve prosecution agencies).

Finally, the Bank is a logical partner for BANOBRAS in the pursuit of a clearly long-term goal of independent judicial systems, that deliver justice effectively, efficiently and at a reasonable cost.

E. Summary Project Analysis

1. Economic (see Annex 4):

Other (specify) NPV=US\$ million; ERR = % (see Annex 4)

Consultations and surveys of both businesses and users reported that resolving disputes through peaceful means has had an important impact on their business decisions. Improved delivery of judicial services, efficiency, and transparency of the superior courts would have substantial direct and indirect social

returns, e.g. reduced costs of litigation and improved collection of outstanding business liabilities. Indirect benefits include the stable and uniform application of the rule of law, strong business confidence and a stable investment climate. Moreover, numerous benefits result from lowering the level of corruption, equitably applying the rule of law, and predictably and uniformly interpreting commercial laws.

2. Financial (see Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

Typically, judicial development and learning are not subject to a conventional financial analysis, as a substantial part of the desired outcome is related to improved social outcomes, security and knowledge that are difficult to relate to financial benefits as well as quantity.

Fiscal Impact:

Fiscal impact of the proposed Project is about US\$37 million over five years (about US\$5 million total per state or about 1.0 million per state/year). Reviews indicate that these impacts are small and manageable. After adjusting for capital investments, improved judicial efficiency should result in courts delivering a greater volume of judicial services without increase in costs in participating states. Projects' semi-annual reviews in participating states will include fiscal impact analysis as part of the learning exercise to guide future expansion of the Project. A model fiscal impact exercise was already carried out for Baja California and is available in Project files. Streamlining of state judicial branch administrative functions would improve financial management and operations of the courts.

3. Technical:

The proposed Project components are technically sound and viable. The Project design is comprehensive and detailed, yet also flexible enough to effectively address the diverse set of institutional development problems identified. As noted earlier, it is built on extensive consultations, reviews of past studies, and diagnostic studies and modernization plans made during Project preparation with Bank and donor assistance. Institutional improvement, organizational culture, knowledge development, process reengineering, community participation and outreach, information technology designs and transparency programs are part of the proposed Project. A key factor would be the involvement of stakeholders in diagnostics, the design of solutions, by encouraging participatory learning techniques. Knowledge-sharing would also be promoted.

4. Institutional:

BANOBRAS and participating states' judiciaries will implement the Project and Subprojects, respectively.

4.1 Executing agencies:

BANOBRAS will oversee coordination of the Project, provide procurement and financial management training in partnership with the Bank, and facilitate knowledge interchange in liaison with the National Commission of State Courts, and others, organize semi-annual monitoring and evaluation reviews.

Participating state (judiciaries) will set up PCUs for the design and implementation of state judicial modernization plans (Subprojects) and undertake procurement, financial management and supervision under the Credit Program of BANOBRAS for judicial modernization.

4.2 Project management:

State Judicial Branch (in participating states), assisted by the PCU (to be created) will be responsible for subproject management. Each PCU will have trained procurement and financial management staff. PCU will report to the President of the Supreme Tribunal of Justice in the participating state (with appropriate approval from the Plenary Chamber(s) of the Supreme Tribunal and/or Judicial Council).

4.3 Procurement issues:

Procurement assessment has been carried out and is available in Project files. The capacity of the judiciaries as a whole (in participating states) is being strengthened as part of the Project. PCU staff

would receive periodic training and refresher courses, along with BANOBRAS staff, on Bank procurement procedures.

4.4 Financial management issues:

A financial management (FM) assessment was conducted to evaluate the proposed FM arrangements for the project. This assessment included discussions with BANOBRAS and visits to the Judicial Powers of the states of Guanajuato and Colima. On the basis of the assessment, the project financial management and disbursement arrangements have been developed. The main findings from the FM assessment and details of the agreed action plan are provided in Annex 6.

The participating states must meet a minimum standard of financial management readiness in order to participate in the proposed Project. FM capacity of participating entities will be determined based on reviews carried out by BANOBRAS and by Bank FM specialists. These assessments will determine the institutional strengthening measures required, and any specific FM arrangements to be put in place, for the individual states. The state judicial powers must have the capacity to record, control, and manage all program resources, and produce timely, understandable, relevant, and reliable financial information that will allow BANOBRAS and the Bank to monitor compliance with agreed upon procedures and appraise progress in terms of its objectives. The most important FM elements are budgeting, accounting, funds flow, internal control, reporting, external audit, written procedures, FM staffing, and information systems.

5. Environmental:

Environmental Category: C (Not Required)

No new construction on new sites will be carried out under the Project. If, however, changes occur during project implementation (such as in Colima, where a courthouse was severely damaged in the recent earthquake) that call for new construction on new sites, an environmental assessment will be conducted. It would include the following activities to mitigate adverse impacts: (i) preparation of adequate site screening criteria for site selection; (ii) preparation of environmental guidelines for construction, with clauses for supervision, which will be included in the bidding documents for contractors; and (iii) preparation of a construction manual. Bank financing will only be provided when sites, buildings, and infrastructure are owned by, and legally titled to the judiciary and which do not require the acquisition or occupation of new land, buildings or infrastructure, and therefore, do not cause the involuntary resettlement of owners, tenants or occupants of such land, buildings or infrastructure.

5.1 What are the main features of the EMP and are they adequate? NA

5.2 For Category A and B projects, timeline and status of EA: NA

5.3 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted? NA

5.4 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP? NA

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

With a population of about 100 million, Mexico is the third largest nation in Latin America. As a result of a strong trend towards urbanization in the last quarter century, 75 percent of the population now lives in urban areas. There are deep regional and ethnic disparities, and a marked north-south divide. About 10-15 percent of the population is indigenous, with the majority living in the southern states. The gender ratio is slightly over 50 percent women. Mexico is an increasingly young country. The average age is currently 28, and 30 percent of the population is under the age of 15, with only 4 percent over the age of 65.

As shown by statistics and user surveys, citizen confidence in the judicial system is very low. Improved access to justice, transparency, citizen outreach and participation in the judicial system would help

improve public confidence in the Judiciary. The targeting of the socially and economically disadvantaged and vulnerable groups, such as women, children, and indigenous populations at the state level would better allocate the current supply of judicial services. Educating citizens on justice-related issues would help fight corruption and reduce violence.

As men and women have different legal constraints, the Project would aim to include a gender perspective in the judicial modernization efforts. The system of justice must see that men and women are both equally and better protected under the laws, have increased access to the system, and receive treatment according to their respective needs. This would fall under the recent efforts throughout the LAC region to implement legislative reforms and strengthen the legal protection of their citizens, especially with regard to the rights of women, children and older citizens. However, most of the countries, including Mexico, show that there is still a gap between the law and its enforcement.

Consultations indicate that discrimination impedes gender equity at both the user level and within judicial and administrative staff. Mexico has made significant strides in advancing gender equity over the last few decades. While the labor force participation of women has tripled over the last 50 years, more recent developments have included parity between young girls' and boys' access to education, and a fostering of gender related civil society participation and greater public awareness of gender issues. However, women in Mexico continue to face economic and labor-market discrimination, as well as discrimination in the design and provision of public policy and services, coupled with socially entrenched and discriminatory gender roles in the family and the work place. Gender-based violence has also been identified as an ongoing and serious national problem. Broad-based consultations and development studies have recognized and encouraged the role of the public sector, including judiciaries, in addressing these issues. And it is increasingly recognized that the adoption of a gender perspective in judicial policy-making and justice administration, which allows for an understanding of the manner in which men and women experience poverty and violence differently, as well as in relation to each other, can aid in mainstreaming gender equity in an institutionally and socially effective manner.

The federal structure of Mexico means that many of the matters fundamental to the protection of gender rights fall under state jurisdiction, such as regulations governing the family and the civil life of the individual, family law, contract law, and criminal law including violent crimes such as homicide, abduction and rape, of which women are the primary victims (labor law, by contrast, is typically regulated at the federal level). Since 1995 Mexico has introduced a number of laws, programs and policies aimed at promoting and implementing gender equity. Currently 15 states have legislation that directly addresses violence against women, and 16 states have specific programs for combating it. The Government's National Gender Plan, *PROEQUIDAD*, supports mainstreaming gender in public agencies at both the federal and state levels. Coordination mechanisms between *INMUJERES (Instituto Nacional de las Mujeres)* and State and Municipal authorities are legally established. These include provision for knowledge sharing, education about existing gender-based legal instruments, and the training of judicial operators on how to incorporate a gender perspective in justice administration. *INMUJERES* is also responsible for collaborating with state gender Institutes.

Sustaining progress and empowerment for women in Mexico will require addressing a number of challenges in justice administration. There is a need now not only to make effective the participation of civil society organizations in judicial policy-making and design, but also to put existing legal and policy instruments fully into practice and deliver on the international conventions to which Mexico is a signatory (CEDAW, Bélem do Para). The priority areas for mainstreaming gender issues and awareness include: existing institutional and cultural barriers in labor, family and domestic violence matters, children's rights, divorce, property division, child custody and support, and gender specific employment constraints and protections, among other things. There is also a need for fostering a culture of non-violence in the resolution and prevention of disputes within the home and society, providing adequate support services and legal protections, supporting the effective enforcement of legislation, and strengthening institutional mechanisms to promote gender equity. Many Mexican women regard the justice system as corrupt, complicated, expensive, lacking in service orientation, inefficient and intimidating. And though many women of all income levels do not properly understand their legal rights, the situation is most acute for

economically disadvantaged Mexican women who lack the resources, education and skills to access the justice system. While some focus has been provided on judicial gender training (public legal education by *INMUJERES*), this needs to be systematized and focused on the state judicial system. Finally, mainstreaming gender in justice administration requires recognizing the ways in which socially constructed roles and relationships influence the ability of men and women to participate in and benefit from the justice system, and developing judicial policies that facilitate an equitable participation based on a broad diversity of social needs.

Mexico's social and cultural diversity is also reflected in its indigenous population, who number approximately ten percent of the total population (8,381,314 according to 2000 census INEGI data; 12,707,000 according to Mexican Indigenous National Institute data). With a rich cultural and linguistic heritage, Mexico's indigenous population also experiences comparatively high incidences of poverty (for e.g. 386 of the 2,433 municipalities nationally are deemed marginal or in conditions of extreme poverty, and of these 300 are indigenous municipalities). The social and economic exclusion of indigenous communities is due to a variety of structural, economic and social factors, as well as a long history of marginalization, all of which need to be addressed if Mexico's indigenous population is to be afforded equitable access to basic services and opportunities. In the last decade there has been increasing recognition of indigenous rights, development priorities and needs. There is a strong and enduring tradition of indigenous social and cultural organization in Mexico, including local systems of governance in many states (the states with the highest percentages of indigenous population are Veracruz, San Luis Potosí, Puebla, Guerrero, Campeche, Hidalgo, Quintana Roo, Chiapas, Oaxaca, and Yucatán. Oaxaca's indigenous population is 40 percent of the State total. The most frequently spoken languages are Náhuatl, Maya, Mixteco and Zapoteco.) Activism on the part of indigenous associations has increasingly focused on the need for recognition on the part of justice institutions of their right for equity before the law and for judiciaries to meet their cultural, ethnic and language needs.

The Mexican government has undertaken initiatives and has set out a number of cross-sectoral strategies, to supporting equity for indigenous peoples (these are contained in the National Development Plan 2001-2006 and the National Program for the Development of Indigenous Peoples 2001-2006), including Presidential support for the *Justice for Indigenous Peoples Program* of the National Indigenist Institute. From a gender equity perspective, inter-institutional agreements have been signed by *INMUJERES*, government and indigenous agencies to implement a number of projects.

One of the key areas of concern in development plans is the failure of the justice system to provide accessible justice services in line with indigenous traditions and identities. There are few state mechanisms for facilitating access to justice, and priority areas for improvement include the recognition of property rights; fostering a recognition in justice institutions of indigenous customs and languages; raising awareness of legal rights among indigenous people; translating and disseminating laws in indigenous languages; promoting alternative mechanisms and flexible approaches to dispute resolution; to provide training to indigenous language translators and legal aid operators, among others. Some states have already begun to introduce innovative approaches to dispute resolution in indigenous areas. Chiapas, for instance, has set up courts using customary law practices presided over by indigenous judges in some municipalities. Quintana Roo has also sought to promote flexibility and interaction between state justice mechanisms and customary law. In Michoacán, the Attorney General's office has implemented a program dedicated to full access to justice services for indigenous communities. These programs provide a strong basis for knowledge sharing, social outreach development and institutional capacity building across different states, and provide an important beginning to what will need to be a concerted effort by state judiciaries to develop justice services that meet the needs of their diverse populations. Experiences in other parts of the region and elsewhere could also be leveraged to introduce locally tailored alternative mechanisms such as community-based mediation centers, or cultural sensitivity training for judicial operators to deliver on the state judiciaries' responsibility to provide equitable access to justice for all their citizens.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The Project has been prepared using a collaborative participatory approach (see Annex 11 for details).

A video of the consultative process (e.g. from Colima and Baja California) is available in Project records.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

The Project has been prepared on the basis of consultations with stakeholders including NGOs and civil society organizations. Through different mechanisms for civil society and other stakeholder participation, the Project promotes a strong empowerment approach, expected to have positive results beyond the project and assure its sustainability.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

6.5 How will the project monitor performance in terms of social development outcomes?

Feedback and data from M&E of subprojects will help identify good practices as well as problems, and will serve as a basis for individual subproject adjustments and enable the semi-annual review. Findings of the review will be used for taking corrective action, and dissemination of results of the overall progress of the Project and assist in the creation of future subprojects.

7. Safeguard Policies:

7.1 Are any of the following safeguard policies triggered by the project?

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	No
Forestry (OP 4.36, GP 4.36)	No
Pest Management (OP 4.09)	No
Cultural Property (OPN 11.03)	No
Indigenous Peoples (OD 4.20)	No
Involuntary Resettlement (OP/BP 4.12)	No
Safety of Dams (OP 4.37, BP 4.37)	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies. NA

OD4.20 is not triggered, but that the project addresses improved access of indigenous people to judicial services through training to improve judges awareness of issues related to indigenous culture and justice.

F. Sustainability and Risks

1. Sustainability:

The major risk of this Project's sustainability will be the requirement of continuous leadership and commitment, and adequate financial and human resources, and support from stakeholders. It also needs successful replication and process continuation.

Leadership, commitment and buy-in from state judiciaries is being promoted through their participation in the identification of key problems and the formulation of solutions. Commitment of state governors to judicial investment and its role in state development is ensured through states' fulfillment of the Project eligibility criteria, e.g, the execution of a funds Transfer Agreement between a state's executive and judicial branches.

Financial resources for the judiciary have been difficult to appropriate and tend to be scarce. To mitigate these, the Project should promote better planning, better appreciation of the investment needed by policymakers and political leaders and better execution of plans. These factors are encouraged in the system for preparation of subprojects and should increase the probability of adequate funding.

The demonstration of immediate, medium and long-term results through upfront pilot programs and activities benefiting different stakeholders should dispel fears, enhance legitimacy and enable the implementation of more complex and technically difficult activities.

2. Critical Risks

Overall risks and remedial measures:

Continuity of Project and state judiciary budget approval in participating states. With many pending state elections, the possibility of change in party affiliation of the governorships is real. Mexican states are moving progressively toward a balance-of-power dynamic, at least between the executive and legislative branches. High level, multi-party buy-in at both the federal and state level should help ensure continuous political support for a modernization agenda as well as constant follow-up with state secretaries of finance.

Continuity and commitment to modernization. Electoral victories by opposition parties in some states could result in weak continuity and commitment to modernization. This should be mitigated by the involvement of the Supreme Tribunal Plenary in the elaboration of State Judicial Branch Modernization Plans. *Magistrados* and state public officials will also be involved in the implementation of the Project. The participatory methodology of the Project design should also help. State judiciaries would be encouraged to seek federal court collaboration and participation in knowledge sharing and training activities. Such collaboration would help mitigate federal state friction or competition and promote judicial independence. BANOBRAS will maintain ongoing dialogue with the state governors.

State Judiciaries' Initial Experience. Mexican states' past judicial modernization projects have had a mixed record. This has two consequences: difficulty in conceptualizing an integrative approach to judicial modernization and in visualizing priorities and sequencing activities. One result is likely to be an overemphasis on physical infrastructure and automation of processes, instead of a more holistic approach to judicial modernization. A workshop on the concepts and dynamics of judicial modernization will be designed to address this need as part of M&E. In addition, there will be training in Bank procedures and norms and hiring of technical staff for project implementation. The creation of a core group of change 'champions' in participating states at all levels in parallel with learning lessons of past development projects, and a highly participatory method of project conceptualization will also minimize this risk.

Citizen awareness and commitment. Lack of Project transparency would worsen the already low public confidence in the courts. The planned provision of information should help create support for change among citizens. Social communication activities to be included in state judicial modernization plans will help build constituencies and champions. Support for change and modernization will also be generated by the aforementioned change champions as well as implementation of demonstration packages.

BANOBRAS' initial experience with judicial sector. BANOBRAS will be entering a new sector of public service lending. In order to build BANOBRAS' knowledge of the judicial sector and its special needs, the Project will promote partnership exchange with NCSC and other relevant institutions. Semi-annual review of the Project will further strengthen BANOBRAS' understanding of judiciary-specific work.

Diversity of states' needs, governance structures, and modernization plans. Modernization needs will vary widely from state to state. This diversity will lead to complexity in implementation, to be addressed by the flexible Project design. Semi-annual Project reviews and continuous knowledge-sharing among states will further help mitigate such problems. If states find it difficult to prepare technically viable modernization plans, the proposed Project contemplates the provision of technical assistance for their preparation, and fulfillment of eligibility criteria for subproject participation.

For summary and ratings see table below.

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
Continuity of the Project and state judiciary budget approval	S	High level buy-in, engagement, constituency building, participatory project design
Continuity and commitment to modernization by Superior Tribunals	S	Plenary approval of Modernization Plans, constituency building, broad participation in implementation
State Judiciaries' Initial Experience in Managing Multilateral Projects	M	Workshop on the concepts and dynamics of judicial modernization, project-related training in Bank procedures and norms, and hiring of technical staff for project implementation. Creation of a core group of change 'champions'
Citizen awareness and commitment to judicial modernization	M	Workshop on judicial modernization, training in Bank norms, change champions, knowledge sharing; Social communication, knowledge sharing, demonstration projects
BANOBRAS' initial experience with judicial sector	S	Promote BANOBRAS and NCSC partnership exchange and conduct semi-annual M&E reviews
Complexity of implementation and states inability to meet eligibility criteria (e.g. technical viability of state judicial branch modernization plans	M	Flexibility in Project Design, knowledge sharing, and provision of technical assistance for refinement and or development of plans
From Components to Outputs		
Inadequate funding/resources due to fiscal constraint	M	Resources to be secured up front in participating states
Difficulties in effectively liaison multiple actors in BANOBRAS and other agencies	S	Have a liaison coordination team assigned at the highest level in BANOBRAS
Slow or inadequate staffing and resources for the PCU	M	Follow up with state courts and ensure that operation costs are included in modernization plan costs and funding proposals.
Resistance from interest groups that could oppose improvement programs	S	Initial focus on states where there is consensus among the policy makers and willingness to start or advance modernization
Overall Risk Rating	S	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects:

There are no specific controversial aspects. Project design includes semi-annual M&E review which provides a mechanism for early detection of problems and timely remedial actions.

G. Main Loan Conditions

1. Effectiveness Conditions

- Completed Operational Manual detailing procedures and guidelines for implementation including semi-annual M&E, financial management, audit and learning functions and their TORs.
- Completed Project Procurement Plan.
- Bank receipt of BANOBRAS Resolution describing its judicial modernization credit program (the Credit Program), including terms, conditions, and other provisions regarding financing to Participating States. The Resolution would call for Subproject Agreements to be entered into by the Borrower and at least one Participating State.

2. Other (Project Implementation)

- The Borrower, will enter into Subproject Agreements with the Participating States for the funding of state judicial modernization plans, in line with the terms and conditions of an agreement (the Credit Agreement), to be entered into between the Borrower and a Participating State, pursuant to contractual provisions set forth in the Operational Manual. It will also cause each Participating State to transfer to the Judiciary proceeds of Credit Program resources under an agreement (the Transfer Agreement) to be entered into between them, pursuant to provisions set forth in the Operational Manual.
- The Borrower will prepare a consolidated annual operating plan (AOP) satisfactory to the Bank, in consultation with the Judiciary of each Participating State, and in accordance with guidelines of the Operational Manual, by not later than January 31 of each year of Project implementation, starting on January 31, 2005.
- The Borrower will appoint, and thereafter maintain, until the completion of the Project a team of technical staff (the liaison team) drawn from the Borrower's headquarters' offices and *Delegaciones* responsible for coordination of Subprojects with the Participating States and the Judiciaries.
- For the purposes of carrying its Subproject activities, the Judiciary in each Participating State will establish and maintain, within the *Presidencia del Supremo Tribunal de Justicia*, until the completion of the respective Judicial Modernization Plan a monitoring and evaluation committee of judicial experts (CCS) and a judicial modernization support unit (PCU) with functions and responsibilities satisfactory to the Bank.
- The Borrower in close consultation with the Participating States will carry out a Semi-annual Project implementation review by March 31 and September 30 of each year based on the reports submitted by the Participating States.

H. Readiness for Implementation

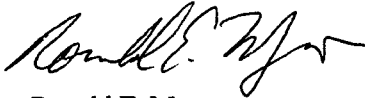
The engineering design documents for the first year's activities are complete and ready for the start of project implementation. N/A.

I. Compliance with Bank Policies

This Project complies with all applicable Bank policies.



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Annex 1: Project Design Summary

MEXICO: State Judicial Modernization Supporting Access to Justice Project

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
Sector-related CAS Goal:	Sector Indicators:	Sector/ country reports:	(from Goal to Bank Mission)
1. Governance, service and transparency improved.	1. Improved judicial services in participating states.	Reports and Statistical data on social and economic indicators issued by Mexican public institutions, BANOBRAS, the Participating States or the Judiciaries.	Upgrade the state judicial systems to promote social, and economic development.
Project Development Objective:	Outcome / Impact Indicators:	Project reports:	(from Objective to Goal)
Support the improvement of institutional performance of judiciaries in a few states through BANOBRAS's credit program for state judicial modernization by learning while doing..	<ol style="list-style-type: none"> 1. Stakeholder satisfaction on the efficacy of modernization activities. 2. Improved capacity building and communication practices. 	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, resource allocation reports, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community and vulnerable group reviews.	GOM, BANOBRAS, the Participating States, the Judiciaries and other public and private institutions remain committed to judicial modernization.

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
A. <u>Strengthening institutional capabilities, culture and knowledge.</u>	1.1. Improved information development for institutional planning and external services.	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, resource allocation reports, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community, vulnerable group and business group reviews.	1. State Judicial Branches and collaborating institutions implement required changes and maintains the participatory process for implementation. 2. Policy makers and staff maintain incentives for effective use of new systems 3. Communities, businesses and other stakeholders support the program 4. M&E reviews completed on time 5. Learning and knowledge activities continuously inform project development and implementation
B. <u>Improving efficiency and effectiveness of Judicial Services.</u>	2.1. Reduction in case processing times.	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, resource allocation reports, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community, vulnerable group and business group reviews.	
C. <u>Increasing judicial transparency.</u>	3.1. Increased availability of public information. 3.2. Increased opportunities for community engagement.	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, resource allocation reports, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community, vulnerable group and business group reviews.	
D. <u>Strengthening access to justice for All Users.</u>	4.1. Increases in number of users from vulnerable groups accessing judicial services.	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, resource allocation reports, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community, vulnerable group and business group reviews.	
E. <u>Project coordination, monitoring and evaluation, and learning.</u>	5.1. Improved application of project know-how and skills through learning processes.	Semi-annual M&E and learning reviews, and other instruments such as government and judiciary reports, input from the proceedings of the National Commission of State Courts proceedings, resource allocation reports, good practice reviews, academic studies, field visits, annual reports, surveys and statistical studies, media reports, focus groups, community, vulnerable group and business group reviews.	

Project Components / Sub-components:	Inputs: (budget for each component)		
A. <u>Strengthening institutional capabilities, culture and knowledge.</u>	US\$ 9.00 Million		
B. <u>Improving efficiency and effectiveness of judicial services.</u>	US\$ 10.20 Million		
C. <u>Increasing judicial transparency.</u>	US\$ 6.00 Million		
D. <u>Strengthening access to justice for all users.</u>	US\$ 7.0 Million		
E. <u>Project coordination, monitoring and evaluation, and learning.</u>	US\$ 5.00 Million		
Front End Fee	US\$ 0.30 Million		
Total Cost	US\$ 37.50 Million		

Annex 2: Detailed Project Description

MEXICO: State Judicial Modernization Supporting Access to Justice Project

The Development Objective (DO) of the proposed Project is to support the improvement of institutional performance of judiciaries in a few states through BANOBRAS's credit program for state judicial modernization by learning while doing.

Specifically, the Project would: (a) strengthen institutional capabilities, organizational culture and knowledge; (b) strengthen efficiency and effectiveness of judicial services; (c) improve judicial transparency; (d) increase access to justice for all users; and (e) support Project coordination, monitoring and evaluation, and learning, including consultation with Project stakeholders.

The Project would fund Subprojects in “participating states”—essentially the design and implementation of integrated state judicial branch modernization plans—that are consistent with the Project's objectives.

Four objectives (see ahead) have been identified as preconditions to enable the state judiciaries to deliver adequate justice services. Each comprises a thematically linked strategy to be developed towards the fulfillment of the overall objective. These thematic, flexible components are the “building blocks” that will guide the current and future development of specific state judicial branch modernization plans and their implementation. Each state judicial branch participating in the project will determine which approaches—and thereby which programs—it will adopt, according to its individual needs and capabilities. Each component of the framework includes a series of institutional performance indicators to aid in determining the degree to which each state court system has met its operational objectives.

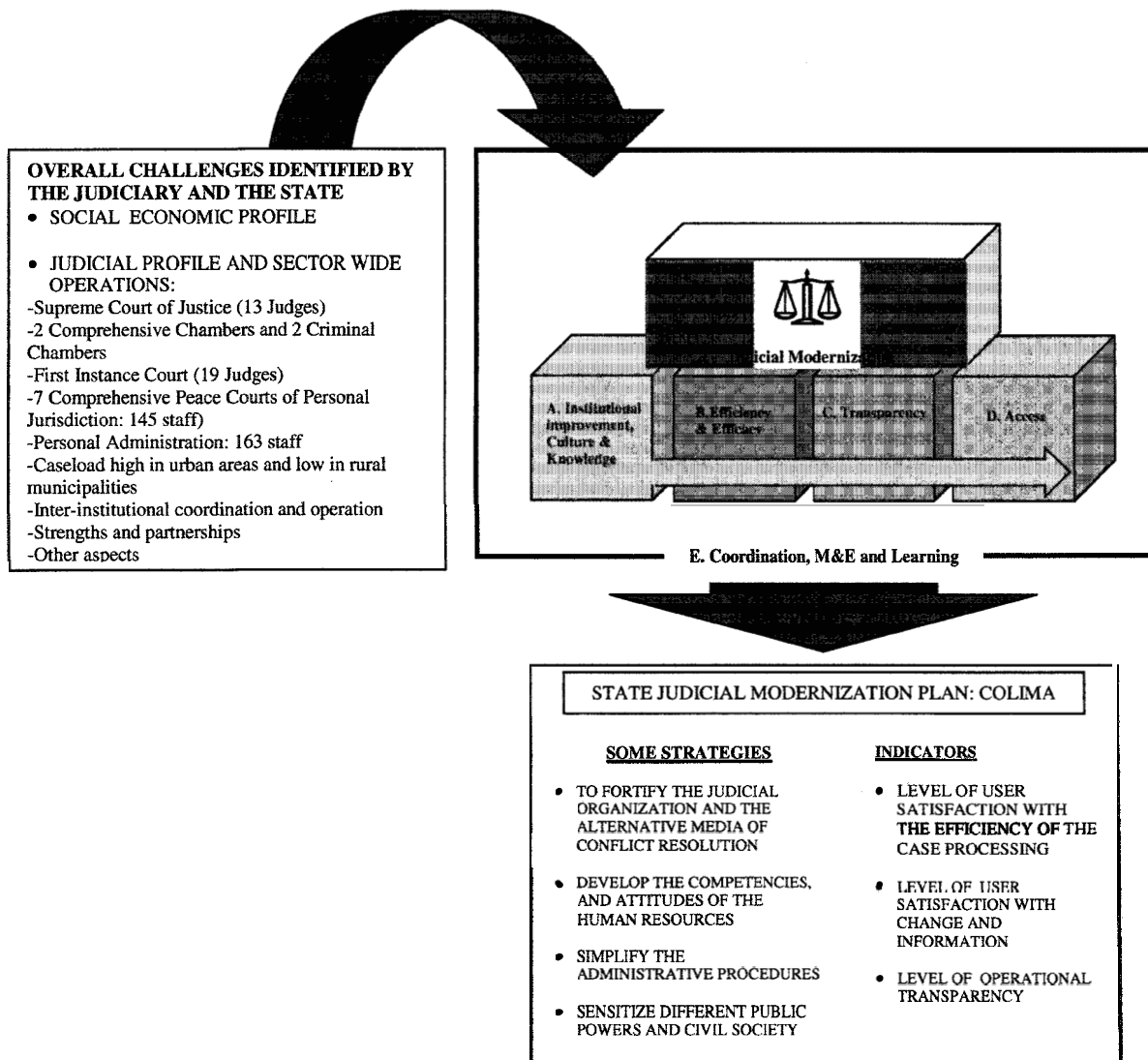
Judicial performance improvement would be approached from an institutional “modernization” perspective. This perspective involves integral diagnostics of the operational problems, analysis of the demand for and supply of judicial services, promotion of a service culture, and efficient distribution and management of resources. Learning among and within state judiciaries, BANOBRAS, academic and user groups would also be encouraged, in particular the sharing of good practices and monitoring and evaluation (M&E) activities.

Participating states are those states (and judiciaries) that meet eligibility criteria for receiving funding under the credit program for judicial modernization. The criteria would include: (a) technical merit and viability of the state judicial branch modernization plan for institutional improvements; and (b) financial viability of the state to participate in BANOBRAS's credit program for these activities.

Project development has been participatory and would continue through implementation, involving consultations with local judges, court administrators and users in participating states. Coordination for consultations with states has been through the *Comisión Nacional de Tribunales Superiores de Justicia* (National Commission of State Courts) in liaison with the *Secretaría de Hacienda y Crédito Público* (SHCP) and BANOBRAS. So far modernization plans have been drafted by eleven states (Aguascalientes, Baja California, Chihuahua, Colima, Guanajuato, Nayarit, Oaxaca, Quintana Roo, Puebla, Sonora, and Estado de Mexico). A technical mapping of these draft modernization plans is provided as a working guideline for states in advancing planning initiatives, and for BANOBRAS to help make decisions on funding the diverse plans (ref. Annex 11).

The Project is divided into *five inter-related components* to serve as the basis for the subprojects (design and implementation of integrated state judicial branch modernization plans for institutional improvements in participating states). See *Box 2.1* with an example from Colima.

Box 2.1: Project & Subproject Framework



Component Objectives and Description of Potential Support Activities:

A broad “menu” and interrelated set (consistent with the “learning by doing” approach) of activities are designed for the Project, to accommodate diverse institutional and knowledge needs of the justice institutions and BANOBRAS. They also would provide flexibility in design of subprojects to be presented for funding and help the Bank and BANOBRAS collaborate in this operation.

Component A. Strengthening institutional capabilities, culture and knowledge.

A.1. Carrying out specialized studies

A diagnostic study and comprehensive evaluation of each participating Judicial Branch will assess its mode of operation, organizational structure, procedures and output. It will include a review of the Judicial Branch’s functional and operational variables, human resources, efficiency, transparency and accessibility. Also, the functions of attorneys and agents of the District Attorney’s and Public Defenders’ Offices will be reviewed;

users' perceptions of the services provided by the Judicial Branch will be examined as well. [Sample reviews (e.g. Argentina, Georgia, Guanajuato (draft) are in project files and other research and assessment is in progress.]

A.2. Strengthening institutional capabilities

A strategic planning and budget programming system will include the definition of goals, the design of policies, and the coordination of programs to achieve specific goals and facilitate the application of strategic policies and planning.

A system for the follow-up, control and evaluation of jurisdictional and administrative management and user satisfaction. A system will be developed for measuring the performance of the Judicial Branch and judicial operators: at the macro level (Judicial Branch satisfaction), at a general level (quality, standard of service, cost, opportunity, innovation), at a more specific level (efficiency, productivity, response time); and for measuring user satisfaction.

A program for strengthening the technical capabilities of judges and project administrators for the implementation of the judicial modernization plan will consist of enhancing the conditions and capabilities of the Judicial Branch in such areas as strategic planning, judicial organization, technology, and legislative changes.

A program for disseminating institutional innovations and transformations will identify priority issues of the modernization process. This will include designing a social communication strategy to disseminate key issues of the program. Information about the objectives of the program, and institutional changes and achievements, will be provided to users.

A participation program for evaluation and public feedback on institutional innovations and transformations will include the organization of working and focus groups of users, civil society organizations, academia, public and other judicial sector institutions for evaluation of modernization strategies and action plans, achievements and impacts.

A.3. Cultural change

A program of consciousness raising and change management for judicial operators to develop behavior and attitudes consistent with a greater culture of public service and continuous improvement in its delivery. It will include the design and implementation of a strategy covering: i) human resources, encompassing formal and informal roles and functions, hierarchical levels and incentives; ii) a range of methodologies for acquisition and dissemination of knowledge in technical and other areas; iii) leadership development, including the promotion of innovative, creative and transparent leadership in change management and institutional modernization.

Public outreach and educational campaigns to promote a changes in perceptions and attitudes across social sectors. This will include the identification of priority issues and achievement of results in modernization, and the design and development of a public outreach strategy to educate users about these activities within a participatory modernization program directed at internal and external stakeholders.

A.4. Knowledge sharing

A knowledge sharing program for judges, justices and other judicial operators, members of local public sector institutions, universities, research institutions and others on the actions and issues in the judicial modernization process. This component will promote and support the organization of periodic meetings of Superior Court Justices, and representatives of the Judicial Councils and of Judicial Training and Research Centers. It would also apply to first instance and small claims judges, administrators of other institutions of the State public sector, public defenders, members of district attorneys' offices, legal professionals, academics, and members of research institutions.

A national, regional and when relevant international exchange program for sharing experiences in judicial reform and modernization to promote knowledge sharing about judicial reform in other states, the Federal level, as well as other countries.

A workshop and seminar program on judicial reform and modernization topics will involve the organization of local, national and international seminars and workshops on priority issues of modernization processes.

Publication of information about changes in the judicial system through modernization and reform processes.

Component B. Efficiency and effectiveness of Judicial Services.

B.1. Carrying out specialized and applied studies in institutional efficiency and effectiveness

Studies of court procedures (e.g. civil procedure codes) as well as other provisions that govern the jurisdictional function (e.g. Organic codes of the judiciary in participating states); access to justice of different groups; alternative dispute resolution mechanisms; demand for judicial services; the cost of justice in Mexico; judicial federalism, international best practices in judicial performance measurement and its applications in Mexico, enforcement of judicial resolutions.

B.2. Improving management, procedures and organization

Organizational and Management Model of the Supreme or Superior Tribunal of Justice, first instance courts and lower courts. Activities under this component will include: reorganizing the functioning of the Tribunal and courts through the optimization and rationalization of resources and materials, the development of new working methods, and the systematization of jurisdictional and administrative procedures of the courtrooms of the Tribunal and lower courts; designing and implementing an organizational model for the Tribunal and the courts; rationalizing administrative and jurisdictional procedures and defining occupational profiles of human resources in line with a new Organizational and Management Model. [An example from Puebla is available in Project files]

Organizational and Management Model of the administrative structure of the Judicial Branch. Activities under this component will include the analysis of prior studies and assessments, and of the normative framework and administrative structure of the Judicial Branch to establish a clear definition and a distinction between its jurisdictional and administrative ambits. Activities will also include the definition of the function and entities responsible for finance administration, administrative agencies, and the design of financial policy and coordination mechanisms. Specific policies for human resources management will be developed and implemented. These will also be developed for human resources support and assessment services, as well as Institutional coordination and participation mechanisms.

Coordination and Communication Model. Activities under this component will include developing and implementing efficient organizational methods and mechanisms for the administrative and jurisdictional structure of the Judicial Branch to improve the coordination and communication of internal and inter-institutional activities (such as labor courts administered by executive branch, registries, credit bureaus etc.)

Case backlog reduction programs. An inventory of existing cases in each court will be drawn up, and backlog reduction measures established to reduce case congestion.

A case distribution program will be designed and implemented for workload rationalization according to proximity, access and service demand.

B.3. Human resources development (Professional development and career systems)

Design and implementation of a judicial career system. Activities under this component will include the definition of hiring procedures and of methodologies and criteria for the evaluation and selection of applicants;

the definition of the criteria and requirements for promotion; appointments and transfers, and evaluation of the performance of judicial personnel. A curricular and judicial career follow-up database will be designed and developed.

Design and implementation of a *performance evaluation system for jurisdictional and administrative personnel* will help determine the capabilities of individuals and groups for improved placements and enhanced performance.

A *comparative study of salaries* will be carried out for analysis of scales in other local public sector agencies, the Federal Judicial Branch and other state institutions both federal and local. The study will assist in the design of a more competitive salary scale for state Judicial Branches.

Design and implementation of an *incentive system for Judicial Branch personnel*, commensurate with financial conditions.

Design and implementation of a *retirement plan for judicial branch personnel*.

Design and implementation of a *Social Security benefits system and mechanisms for improving working conditions*. Activities under this component will include the design and installation of administrative mechanisms for the payment of social security benefits of Judicial Branch personnel; and the introduction of policies for improving working conditions.

B.4. Systematization and automation of jurisdictional and administrative procedures

Integrated Case Management and Documentation System for the Superior Tribunal of Justice, first instance court and lower courts. This will entail the creation of data models for the various jurisdictional processes, definition of the entry and exit data requirements for each process, the design of automation models required, the development of case follow-up, and court calendar and document management modules; the design of the system prototype, the codification and testing of the prototype, the launching of the prototype and its validation by users. The detailed design will also include mechanisms for their integration with other systems.

Integrated Administration, Finance and Human Resources System. This system will require the creation of data models for these processes, definition of their entry and exit data requirements, design of automation models required for administrative functioning of the Judicial Branch, with modules on: personnel and payroll, finance, accounting, supplies and procurement, budget, strategic decision-making.

B.5. Developing support units for training, research and information

Organizational and Management Model for the Judicial Training and Research Center. Development of a competence and knowledge model and the definition of occupational and/or role profiles, and the incorporation of new technologies for processing information in line with the modernization process; updating the educational needs map of employees, development of an institutional curriculum, the review and adjustment of the educational assessment system of the Center and its organizational model.

Specialization, admission and continuing education program for judicial operators. This component will include the development of the curricular and instructional plan for courses in specialized juridical and legal matters.

Judicial Management Training Program for judicial operators of all levels. This component will include the identification of the training needs of the judicial operators at all levels, and development of their modules.

Training program in management skills for administrative personnel. This component will include the identification of the training needs of managerial, professional and technical personnel, and the design and development of modules in accordance with those findings.

Pilot virtual classroom. This component will include the assessment of the Center's capability for the development of distance learning alternatives, including a virtual classroom.

Virtual Library and Documentation Center. A virtual library and judicial documentation center would provide information and communication resources for Center and centers in other judicial districts.

B.6. Provision of adequate infrastructure and equipment

Design and implementation of a *Strategic IT Plan*. This component will include updating technological and IT infrastructures, defining strategies for their development and for the operation of information technology at the Judicial Branch.

Strategic plan for construction, rehabilitation and remodeling. This component will include the development of a plan for the new functional system and vision for all state judicial centers contemplated under the Project for construction, remodeling or rehabilitation.

Acquisition of computing, printing and communication equipment. This component will include the identification of ICT equipment needs, the automation of IT systems and the projected organizational model; the elaboration of technical specifications and procurement documents; and the definition of a plan for their procurement and installation.

Networks and Communication Plan. This component will include the assessment of the geographic conditions and communication services of the State, and of the requirements of a technology platform for the Judicial Branch; the design of the technical specifications of the networks and communication platform of the Judicial Branch; the installation of networks, communication equipment and contracting selected communication service.

Component C. Increasing judicial transparency

C.1. Carrying out specialized and applied studies for improving transparency

Diagnostic study of disciplinary systems, access to information, accountability mechanisms, social responsibility, and judicial ethics. This component will include analyses of data on the current situation and problems, of alternatives for remedying judicial problems in the area of judicial transparency. These studies may also cover anti-corruption laws and their enforcement.

C.2. Promoting information and communication mechanisms

Judicial Information and Documentation Centers (centralized and or mobile). This component will include the creation of new or strengthening of existing units responsible for the dissemination of information about jurisdictional and administrative procedures, and for the management of judicial documentation.

The creation of new or strengthening existing *Information and Citizen Orientation Offices*. Decentralized offices will be established in judicial centers, providing information and communication resources for users about the functioning of judicial services, service requirements, methods and evaluation mechanisms.

The creation of new or strengthening existing *mechanisms for the dissemination and promotion of range of services*. These mechanisms will promote the social projection of justice and of judicial culture, through the creation of new or the strengthening of existing legal education and information campaigns in response to the legal and judicial education needs of the population. These campaigns will be tailored to these needs, as detected, and will principally deal with family law, criminal, labor, maritime and civil law and other matters of public interest, as well as provide information about the functioning and structure of the judicial system.

Program for promoting annual performance reports of the Judicial Branch and auxiliary institutions.

C.3. Disciplinary and accountability mechanisms

System of oversight, investigation and discipline of judicial operators. This component will include the review of the current legislation that regulates the oversight and control of judicial operators, a comparative analysis of oversight and disciplinary mechanisms of other judicial systems to facilitate the definition of criteria for improving oversight principles and policies.

Design and development of a *Judicial Code of Ethics*. This component will provide for drawing up ethical principles, values and conduct for governing the ethical delivery of justice administration services, disciplinary measures and dealing with non-compliance with the Code of Ethics.

System for complaints against judicial operators. This component will include the development of mechanisms and procedures and the definition of responsibilities (e.g. *visitadurías*) for the receipt, investigation and processing of complaints against judicial personnel.

Social responsibility and accountability program. This component will include the design and implementation of accountability mechanisms for the personnel of the Judicial Branch.

Program for access to information about administrative and jurisdictional management. This component will include the design of various channels for access to information about management of the Judicial Branch.

C.4. Public Awareness

The organization and implementation of a program of events aimed at disseminating the benefits of an enhanced transparency of judicial processes, such as, the strengthening of oral trials.

Component D. Strengthening access to justice for all Users.

D.1 Carrying out specialized and applied studies for strengthening access to justice.

Diagnostic studies of the current situation for women, indigenous communities and other vulnerable groups with respect to the justice administration system, of user perceptions of the justice system, and an assessment of the current supply of judicial services, among others.

D.2. Special attention to women, minors, small businesses, indigenous, the poor and socially disadvantaged

A *program* for the organization of outreach events to provide citizens with a greater understanding of the functioning of the Judicial Branch, of individuals' rights and responsibilities, and for judges to gain a greater understanding of their social context.

A *school orientation and education program for children and adolescents* to give youths especially from indigenous populations a greater understanding of justice administration and services.

Programs on gender based violence, promoting a gender dimension in judicial systems, indigenous access to justice, and other sensitive issues in community seminars and workshops.

D.3. Alternative mechanisms for the resolution of disputes

The creation of new, or the strengthening of existing, alternative dispute resolution institutional mechanisms, including the provision of training of personnel, materials and equipment and infrastructure rehabilitation, and the carrying out of awareness-raising and educational campaigns.

D.4. Diversifying the range of judicial services

Program for strengthening small claims justice at the municipal level. This component will include the assessment of the current situation as regards the organization, procedures and human resources at small claims courts; the design and development of measures for improving their organization and processes, and training courses for their personnel. Physical infrastructure will be enhanced for these and ICT and network equipment installed.

Design and implementation of a *mobile small claims courts program* in judicial districts.

D.5. Adapting infrastructure to users' needs

New information and orientation centers at key judicial buildings would provide comprehensive, up-to-date information and assistance to professionals and the general public. In addition, physical spaces in key judicial centers will be rehabilitated to accommodate the needs of user services.

D.6. Strengthening public defender and legal aid services

Training program for Public Defenders in public defense skills and techniques. This component will include the design and preparation of the curricula and instructional plan for skills and techniques development.

New legal aid and orientation program. This component will provide for the implementation of legal aid offices in Judicial Branch, Public Defenders offices and local law schools for assistance to vulnerable groups.

Knowledge exchange program among the Judicial Branch, prosecutors' offices and civil society organizations and others. This component will include the organization of workshops and seminars on problems facing the State justice system.

D.7. Strategies for improving collaboration with attorneys

A program for exchange, interaction, and information between the Judicial Branch and legal professionals through the creation of agencies responsible for institutional coordination and communication mechanisms with State lawyers' and bar associations to improve justice administration; and help advance judicial modernization.

Component E. Project Coordination, Monitoring and Evaluation, and Learning

E.1. Support for the Design and Operation of the State PCUs, Promotion of Good Practices and Knowledge Sharing. *Coordination and management of Subprojects.* This component would include the strengthening of the coordination, monitoring and evaluation capabilities of the Participating States, through the establishment and operation of a PCU in each Participating State and the provision of training for PCU staff; the development of project administration, financial management and procurement administration capabilities for Project staff; the development and organization of inter-intra State knowledge sharing programs to promote good practices, the results and lessons learned during the implementation of the Judicial Modernization Plans, in partnership with NCSC and other relevant institutions; and the development of strategic actions and the carrying out of studies which may contribute to the development of sector-wide judicial modernization.

Promote collaboration and good practices through a Program for technical assistance to NCSC in priority issues of judicial modernization and medium term interests. Activities under this component will include support for the (a) the hiring of short-term national or international consultants, academic institutions, consulting firms and others for **research studies** to assess and support modernization processes at the local Judicial Branches, in areas such as strategic planning, judicial organization, technology, legal and code reforms, among others; and to assist the National Commission of Superior Tribunals of Justice in the formulation and implementation of specific strategies and action plans to guide the modernization process nation-wide; (b) **technical conferences**

of the local Judicial Branches to facilitate knowledge sharing and thereby strengthen their operations; and (c) promotion of a **dialogue and exchange with civil society organizations**, users and other public and private institutions. Funds for this activity would be sought through Federal Contribution as counterpart and or Grants (where possible). Detailed TORs for strengthening NCSC are provided in Annex 12.

E.2. Support for Strengthening BANOBRAS's Capability to Supervise the Project, Conduct Semi-Annual M&E Reviews, Promote Learning and Prepare Future Projects.

Project and Subproject supervision capacity. This component would include support for BANOBRAS' carrying out semi-annual Project monitoring and evaluation reviews with NCSC and other agencies participation (as needed) and the dissemination of the results of such reviews; and the provision of technical assistance for: (i) the identification of new States interested in participating under the Project, and the preparation of Judicial Modernization Plans for such States; and (ii) the preparation of future projects aimed at supporting the implementation of additional judicial modernization plans.

Annex 3: Estimated Project Costs

MEXICO: State Judicial Modernization Supporting Access to Justice Project

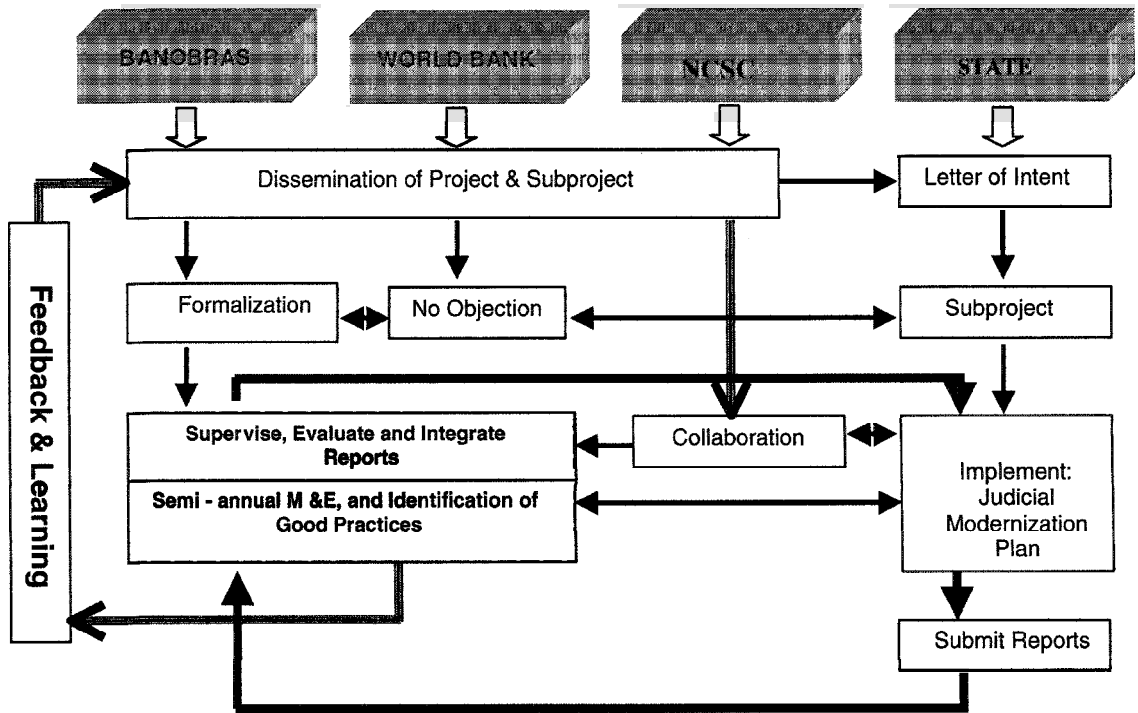
	Local	Foreign	Total
Project Cost By Component	US \$million	US \$million	US \$million
A. Strengthening institutional capabilities, culture and knowledge.	8.00	1.00	9.0
B. Improving efficiency and effectiveness of judicial services	9.20	1.00	10.2
C. Increasing judicial transparency	4.30	1.70	6.0
D. Strengthening access to justice for all users	6.00	1.00	7.0
E. Project coordination, M&E and learning.	5.00	0.00	5.0
Total Baseline Cost	32.5	4.70	37.2
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
Total Project Costs¹	32.5	4.70	37.2
Front-end fee		0.30	0.30
Total Financing Required	32.5	5.00	37.5

	Local	Foreign	Total
Project Cost By Category	US \$million	US \$million	US \$million
Goods	8.55	2.60	11.15
Works	12.00	0.60	12.60
Services	7.65	1.00	8.65
Training	4.30	0.50	4.80
Total Project Costs¹	32.5	4.70	37.2
Front-end fee		0.30	0.30
Total Financing Required	32.5	5.00	37.5

¹ Identifiable taxes and duties are 0 (US\$m) and the total project cost, net of taxes, is 30 (US\$m). Therefore, the project cost sharing ratio is 80% of total project cost net of taxes.

Annex 4: Implementation Framework for Subprojects

MEXICO: State Judicial Modernization Project Supporting Access to Justice



Annex 5: Financial Summary

MEXICO: State Judicial Modernization Supporting Access to Justice Project Years Ending

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	2.2	6.5	14.5	11.0	3.0	0.0	0.0
Recurrent Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Costs	2.2	6.5	14.5	11.0	3.0	0.0	0.0
Front-end fee	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total Financing	2.5	6.5	14.5	11.0	3.0	0.0	0.0
Financing							
IBRD/IDA	2.0	5.0	12.0	9.0	2.0	0.0	0.0
Government	0.5	1.5	2.5	2.0	1.0	0.0	0.0
Central	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provincial	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co-financiers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
User Fees/Beneficiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Financing	2.5	6.5	14.5	11.0	3.0	0.0	0.0

Annex 6(A): Procurement Arrangements

MEXICO: State Judicial Modernization Project Supporting Access to Justice

A. Procurement

Procurement for the proposed project will be carried out in accordance with World Bank "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines); "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultants' Guidelines), and the provisions stipulated in the legal documents. A general description of items to be procured, by expenditure category, is provided below and the estimated value of this procurement is summarized in Table A. For all contracts to be financed by the Loan, the procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are given in the Procurement Plan in Attachment 1. The Procurement plan will be updated at least annually or as required to reflect actual project implementation needs and improvements in institutional capacity.

Procurement of Works: In the project, small works may include rehabilitation and construction of state courthouses for which ICB is not expected. Mexico's federal law (Articles 27, Section 1 (*Licitación Pública*)) for national competitive bidding (NCB) procedures will be followed using the Standard Bidding Documents (SBDs) agreed by the *Secretaría de la Función Pública* (SFP) and the Bank. Works estimated to cost less than US\$500,000 equivalent per contract may be procured through price comparison of quotations of at least three contractors, received in response to a written invitation. The invitation will include a detailed description of the small works, including basic specifications, required completion dates, and a basic contract form acceptable to the Bank. When needed and if the requirements of paragraphs 3.1, 3.6, and 3.7 of the Procurement Guidelines are met, direct contracting of small works may be undertaken with prior agreement of the Bank. Attachment 1 to this Annex includes details on specific thresholds for applicable works activities.

Procurement of Goods: Goods procured under this project may include: equipment and software for information technology activities, furniture and office supplies. Procurement of ICB will follow Bank procedures specified in the Procurement Guidelines, using the Bank's SBD for goods, as agreed by the Government with the Bank. For contracts with values under \$500,000, Mexico's federal law (Article 26, Section 1 (*Licitación Pública*)) procedures will be followed using the Standard Bidding Documents (SBDs) agreed by the *Secretaría de la Función Pública* (SFP) and the Bank. For contracts valued less than \$100,000 shopping procedures may be followed. When needed and if the requirements of paragraphs 3.1, 3.6, and 3.7 of the Procurement Guidelines are met, direct contracting of goods may be undertaken with prior agreement of the Bank. Attachment 1 includes details on specific thresholds for procurement of goods.

Procurement of non-consulting services: Printing services and other related services under goods or works and training activities (logistics, organization, etc.) may be procured under a non-Consulting services bid document (trial version) dated December 2002.

Selection of Consultants: Consultants services will be contracted in skill areas such as technical assistance and capacity building as may be required under the modernization subprojects approved for the states. Description of consulting services and methodologies, will be included in the Specific Procurement Plans (SPP's) submitted by states at time of approval of their subprojects. Single Source Selection (SSS) procedures may be used for procuring tasks that meet the requirements of paragraphs 3.10 of the Consultants' Guidelines. Contracts may also be used to hire universities, training institutions, and NGOs as required.

Operational Costs: These include any cost related to travel (national or international), per diems and/or other logistic expenses incurred by states during project implementation and will be procured using the executing agencies' administrative procedures which were reviewed and found acceptable to the Bank.

B. Assessment of BANOBRAS capacity to implement procurement

An assessment of the capacity of the Implementing Agency to implement procurement actions for the Project was carried out by Ms. Braslavsky, LPS Mexico, in February 2004.

BANOBRAS

BANOBRAS (the Borrower) will conduct a State Risk Assessment & Mitigation of each candidate state, and sign Subproject Agreement with the participating state with terms and conditions satisfactory to the Bank. All Subproject Agreements will specify the conditions and procedures to carry out procurement and disbursement, based on the results of the corresponding State Risk Assessment and Mitigation and the Procurement Plan. BANOBRAS will be responsible for: (i) reviewing all State Procurement Plans (SPPs) and contract documentation prepared for prior review for the Bank; (ii) for issuing no objection notices to bid and RFPs documentation and proposal for awards submitted by the States, which fall below the Bank's prior review threshold, (iii) establish and maintain all documentary and electronic registries; and (iv) ensure at all times that the fiduciary responsibility vested by the Bank pertaining to procurement is totally fulfilled. The assessment of procurement capacity reviewed the organizational structure of BANOBRAS vis-à-vis implementation of the project at BANOBRAS central level and its future interaction with the states and found it satisfactory. Nonetheless, BANOBRAS will strengthen its staffing structure and participate in training to respond satisfactorily to the demands of Project execution in the States. Staff training and capacity building of BANOBRAS staff are included in the Project.

Participating States

The State Judicial Modernization Supporting Access to Justice Project will be executed in each of the participating states by the Monitoring and Evaluation Committee of judicial experts (CCS) supported by state judicial branch modernization support unit (PCU).

The Subproject Agreements signed by BANOBRAS with the States will have provisions to ensure that (i) the World Bank's Procurement and Consulting Guidelines, dated May 2004, apply to all procurement activities financed by the Bank loan; (ii) mandatory use of Standard Bidding Documents, both for ICB and NCB, as agreed by the Government and the Bank; (iii) in the selection of consultants' services, State Courts will be required to use World Bank's Standard Request For Proposals (RFP) as agreed by the GOM with the Bank; (iv) all Subproject Agreements will allow for bidders of all countries to participate in national bidding; (v) Subproject Agreements will clearly define the obligation to prepare and maintain a Specific Procurement Plan (SPP), that would identify contracts to be financed by the Bank both for prior and post review procedures, with annual updates or earlier as may be necessary.

All procurement financed by the Bank through BANOBRAS credit program will be carried out at state level. BANOBRAS (Central Office) will be in charge of collecting the information (of technical, procurement, financial, disbursement nature) provided by the state PCUs, and send it to Bank as needed. BANOBRAS (Central Office) will ensure that specific chapters on procurement are included in the Operational Manual or instruction booklets used by participating states.

During implementation following actions were agreed with BANOBRAS:

- (a) BANOBRAS is to hire a full-time Procurement Specialist in its Central Office in Mexico City, with professional qualifications satisfactory to the Bank as part of the Liaison Team. This specialist will be responsible for training participating state staff and supervision of all procurement activities carried out by the States.
- (b) A Project Launch Seminar will be delivered to technical and procurement staff soon after effectiveness.
- (c) BANOBRAS will complete the a draft Operational Manual (OM) before effectiveness satisfactory to the Bank. The OM should include information on terms of reference and job descriptions for consultants in the PCU; guidelines to prepare for the Specific Procurement Plans, procedures for procurement methodologies required for works, goods, and non-consulting services, and consulting services.

Risk Assessment

Most of the overall implementation issues/ risks anticipated regarding procurement have been identified with the exception of those in the states. Assessment of states is planned for a later time as each State enters the BANOBRAS credit program. The overall project risk for procurement is high. This assessment may be revised after the Project completes at least one year of implementation, and that at least two participating states are fully and successfully involved in implementing their state judicial modernization plans.

C. Procurement Plan for Project and Subprojects

In view of provisions for BANOBRAS at a later date to sign Subproject Agreements with the Participating States, an overall Procurement Plan (PP) would be prepared later based on estimated individual procurement needs of participating states. Preparation of such a Plan would be a condition for Loan Effectiveness. BANOBRAS has been briefed on the basic elements, composition, methodologies, thresholds and documentation that would be required for the participating states to develop their own State Procurement Plans (SPP) of at least 18 months projection. BANOBRAS will be directly responsible for staff training at state level and for ensuring that on-time plan updates are submitted to the Bank for no objection before any modification to SPPs is made. However, in addition to BANOBRAS' responsibility to keep procurement information at the Central Office, PCUs will maintain detailed records of all their procurement activities.

D. Frequency of Procurement Supervision

In addition to prior review arrangements, annual post review will also be carried out. Their frequency may be adjusted according to the outcome of supervision reports during the first year of implementation.

Annex 6 (A). Table A: Project Costs by Expenditure Category
(In US \$ million equivalent)

Expenditure Category	Total costs
1. Works under Subprojects	12.60 (8.92)
2. Goods under Subprojects	12.65 (11.00)
3. Consultant Services under Subprojects (including audits)	7.45 (6.01)
4. Training under Subprojects	4.80 (4.07)
Total	37.50 (30.00)

Note: Figures in parentheses are the amounts to be financed by Bank Loan. All costs include contingencies.

Attachment 1 to Annex 6 (A) - Procurement

Procurement Plan:

I. General

1. **Agreed Date of the Procurement Plan:** Before Effectiveness.
2. **Date of General Procurement Notice:** To be published not later than date of effectiveness.

II. Goods and Works and non consulting services.

1. **Prior Review Threshold:** Procurement Decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines for Procurement:

WORKS			
	Procurement Method	Prior Review Threshold	Comments
1	ICB	More than US\$10,000,000	<ul style="list-style-type: none">• All contracts
2	NCB	Less than US\$10,000,000	<ul style="list-style-type: none">• First contract of each Participating State
3	Shopping	Less than US\$500,000	<ul style="list-style-type: none">• None
4	Direct contracting	N/A	<ul style="list-style-type: none">• All

GOODS AND SERVICES (Not related to consultant services)			
	Procurement Method	Prior Review Threshold	Comments
1	ICB	More than US\$500,000	<ul style="list-style-type: none">• All contracts
2	NCB	Less than US\$500,000	<ul style="list-style-type: none">• First contract of each Participating States
3	Shopping	Less than US\$100,000	<ul style="list-style-type: none">• None
4	Direct contracting	N/A	<ul style="list-style-type: none">• All

2. **Pre-qualification.** N/A

3. **Any Other Special Procurement Arrangements:** BANOBRAS will oversee procurement activities of the Participating States as agreed in the Subproject Agreements. These activities include prior review for contracts not reviewed by the Bank (ex-ante), of specific procurement plans for participating states, and supervision of mandatory use of agreed procurement and consultants' standard bid and contract documents, and day-to-day support to judiciaries on all procurement related activities and reports.

4. **Procurement Items with Methods and Time Schedule.** N/A
Participating state procurement plan will be submitted to the Bank for prior review and no objection at the time of approval of risk and mitigation assessment conducted by BANOBRAS.

III. Selection of Consultants

1. Prior Review Threshold: Selection Decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	Selection Method	Prior Review Threshold	Comments
1.	QCBS	More than US\$150,000	All contracts
3.	Fixed Budget	More than US\$200,000	All contracts
4.	Least Cost	More than US\$100,000	All contracts
5.	Consultants' Qualifications	More than US\$200,000	All contracts
6.	Single Source (Firms)	N/A	All contracts
7.	Individual consultants	More than US\$100,000	All contracts
8.	Single- Source (Individuals)	N/A	All contracts

2. Short list comprised entirely of national consultants: Short lists of consultants for services, estimated to cost less than US\$500,000 equivalent per contract, may include only national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

3. Any Other Special Selection Arrangements: Employment of public servants as consultants for the project. not acceptable, unless the individual has resigned his/her position and official confirmation of this resignation is delivered to the Bank prior to contract issuance.

4. Consultancy Assignments with Selection Methods and Time Schedule: N/A

Participating state procurement plan will be submitted to the Bank for prior review and no objection at the time of approval of risk and mitigation assessment conducted by BANOBRAS.

Annex 6(B): Financial Management and Disbursement Arrangements

MEXICO: State Judicial Modernization Project Supporting Access to Justice

A. Financial Management

Country Issues. The Mexico Country Financial Accountability Assessment (CFAA) was completed in October 2003. The CFAA focused on the national level public sector, which it considered to have generally sound FM (financial management) systems and institutions. Country FM risk was rated as Moderate and all individual risk factors were rated Low or Moderate. Nevertheless, the bearing of this CFAA on the Project FM system is considered to be low because Project implementation will be handled by BANOBRAS and state judiciaries. The Bank only began an overview of the financial management situation across all of Mexico's 32 states in February/March 2004. However, it can be said that the institutional issues related to this Project reflect not only some known issues (e.g. variable quality of institutions) at the state level, but also some particular aspects of the state judiciaries, which have at least some degree of autonomy. The FM assessment therefore had to recognize the improving, but varied, institutional capacity in many states, while also taking into account that the judiciaries appear to often have weaker financial management than the state governments.

Overview. The fact that Project expenditures will occur within the state judiciaries through BANOBRAS credit program, poses a challenge in terms of financial management design. The following sections discuss the approach that will be taken in the various financial management areas, and the roles of the Bank and BANOBRAS in supervising Project financial management.

FM Assessment. The FM assessment involved: (i) brief visits to the NCSC and two state judiciaries (*Supremos Tribunales de Justicia*) possible candidates for participating in the Project; and (ii) meetings with BANOBRAS. It involved ensuring that Project design allows for an appropriate level of transparency, facilitating oversight and control while also supporting smooth implementation. The conclusions of the FM assessment are that: (i) FM design is adequate and can be applied generally to any state judiciary interested in participating in the BANOBRAS credit program; (ii) the principal FM risk lies in the fact that all Project funds will be managed within the state judiciaries, none of which have experience with Bank projects; (iii) once the participation of a particular state is confirmed, a specific FM assessment of the judiciaries would be carried out. Visits conducted so far indicate the following: (i) there is some minimal level of FM capacity but this varies from state to state; and (ii) the autonomy of the state judiciaries may have a negative effect on their financial management. They in many cases do not have funding to invest in modern administrative systems and may not be linked to the established systems of the state government.

Flow of Funds and Information. Bank loan funds will flow from the loan account, to a Special Account (SA) managed by BANOBRAS and established in pesos at a commercial bank in Mexico. BANOBRAS' will transfer funds from the SA to the participating states. As the Project will utilize a local currency loan product of the Bank – the Automatic Currency Conversion (ACC) feature, BANOBRAS will request and receive disbursements in pesos, to finance its loans to the states (ref. Disbursement section of this Annex).

Project expenditures will be carried out at the state level through the implementation of Subprojects. For this purpose BANOBRAS will enter into Subproject Agreements with participating states. After disbursements to the Participating States, BANOBRAS will draw down the appropriate amount from the Special Account, and then submit a replenishment application to the Bank. Counterpart funds will be represented by the funds that the participating states have included in the budget for Project activities. Annual audit will be funded by BANOBRAS which will consolidate the audit reports of individual participating states.

Accounting Policies and Procedures. The participating states will maintain records and accounts adequate to reflect, in accordance with accounting practices compatible with International Accounting Standards and in compliance with local requirements, their operations and financial condition, including records and separate accounts for the Subprojects. Administrative procedures would be put in place to ensure that financial transactions are made with consideration to safeguarding assets and ensuring proper entry in the accounting/monitoring systems.

Accounting systems complemented with information systems, must have the capacity to record assets, liabilities and financial transactions of the Project, and produce financial statements and reports useful to Project management and meeting the Bank's fiduciary requirements. BANOBRAS will provide information to the states entering the program, regarding the recommended chart of accounts and related information requirements. The participating states will be responsible for keeping files of all supporting documentation for expenditures that they make.

BANOBRAS will be required to keep central, consolidated accounting records for the Project. Entries into its systems will be based on the information received from the participating states. Special Account activity, for example, will be included in BANOBRAS' central accounts, and should be incorporated in Project financial statements and audit.

Information Systems. Due to the dispersion of Project activity in the various participating states, there will be no information system in one place that tracks every transaction. Instead, the information systems employed for Project financial management will be those used within the participating state judiciaries, and those used by BANOBRAS to consolidate the Project information. The state-level systems will need to be evaluated as part of the FM assessment for states seeking funding from the BANOBRAS credit program.

Written Procedures. Project financial procedures will be documented in an Operational Manual (condition for effectiveness), which will define the roles and responsibilities of BANOBRAS and the participating states. The OM should include, among other financial procedures: (i) accounting policies and procedures, including basis of accounting and chart of accounts; (ii) the reporting requirements from the states to BANOBRAS; (iii) formats of the consolidated Financial Monitoring Reports (FMRs) for the Project, to be prepared by BANOBRAS; (iv) internal controls including BANOBRAS' criteria and procedures for managing the Special Account, and for processing disbursements to the states; (v) records management; and (vi) audit arrangements. The planned arrangements for some of these aspects are summarized below.

Financial Reporting. BANOBRAS will prepare Financial Monitoring Reports (FMRs) in accordance with Bank guidelines. The preparation of these reports will rely heavily on the information provided by the participating states. BANOBRAS will therefore need to agree on the format of reporting from the states, so that it can prepare consolidated reports for Project management and distribution to the various stakeholders, including the Project's auditors, national control entities and the Bank.

Audit. The financial statements of the Project, as consolidated and prepared by BANOBRAS, will be audited annually by a private audit firm acceptable to the Bank. The audit process and audit report will follow the Bank's audit guidelines, reflecting the new audit policy as of July 2003. This audit will take into consideration any audits carried out by government or private auditors of the participating states subprojects. The Project auditor will be contracted by BANOBRAS and will be expected to visit all participating states.

Financial Management Action Plan (see end of Annex).

B. Disbursements

Special Account. BANOBRAS will manage a Special Account in a commercial bank, in accordance with applicable Bank procedures. The SA will have an authorized allocation of US\$ 3 million (equivalent),¹ or 10% of the loan.²

Disbursement Mechanisms and Documentation. The Bank will disburse to BANOBRAS based on periodic disbursement applications sent to the Bank. Project will employ the Automatic Currency Conversion feature, in which disbursements are made in Mexican *pesos* and the debt to the Bank will be converted from dollars to pesos

¹ Since the Special Account will be in pesos, the authorized allocation may also be in pesos.

² The loan agreement may specify a lower initial allocation, applicable until loan disbursements reach a certain level.

upon each disbursement, loan withdrawals will be subject to a minimum disbursement amount of US \$1 million.³ Mexican Standard Disbursement Percentages will be applied which are indicated in the legal documents.

Disbursements will follow traditional Bank procedures, in which all advances to the Special Account will have to be documented as eligible expenditures in order to receive SA replenishment. Supporting documentation, especially SOEs, will be prepared by each participating state, and BANOBRAS will make a consolidated disbursement request to the Bank, supported by this state-by-state information and including BANOBRAS-specific (e.g. SA information). Regarding counterpart funding, the state contribution will be about 20% of Subproject costs, and on individual transactions, will have to be at least enough to cover the amounts considered ineligible for financing by the Bank or BANOBRAS, such as taxes and operating costs. Project supervision and audit will ensure that BANOBRAS has transferred funds to the participating states according to the Subproject Agreements.

Retroactive Expenditures. The Project will be eligible to submit for retroactive reimbursement up to US\$ 3 million, documentation on expenditures totaling up to 10% of the Loan amount, for eligible expenditures incurred after May 3, 2004 but before the signing of the Loan Agreement.

Use of Statements of Expenditure. Loan withdrawal applications will be supported by SOEs for all expenditures not requiring the Bank's prior review.

Financial Management Action Plan:

Activity	Responsible	Target Date
Organization and Staffing		
Designation of personnel (Liaison Team) who will be handling financial management and disbursement aspects for this Project.	BANOBRAS	60 days following effectiveness
Participation of Project Financial Administration staff in Bank Disbursement and Financial Management Training.	BM/BANOBRAS	Project launching
Operational Manual		
Submission of a draft manual for Bank review. The financial section would include institutional arrangements, staff functions, accounting policies and procedures, chart of accounts tailored to include project components and state-by-state activity, a project cost table, internal controls, segregation of duties, fixed assets and records management procedures, and report formats.	BANOBRAS	Negotiation
Provision of comments and recommendations.	Bank	Prior to effectiveness
Submission of revised draft to Bank to provide its no-objection.	BANOBRAS	Prior to effectiveness
External Audit		
Preparation of short list and TORs for audit and submission to Bank and for no-objection.	BANOBRAS	30 days following effectiveness
Appointment of external auditors.	BANOBRAS	Within three (3) months of effectiveness
Financial Reporting and Monitoring		
As part of preparing Operational Manual (see above) the format and content of Financial Monitoring Reports (FMRs) to be prepared by BANOBRAS, should be finalized. Also, procedures for data collection from the states and the format of information that states will be required to prepare (and send to BANOBRAS) on a periodic basis.	BANOBRAS	Prior to effectiveness, as part of the Operational Manual
Financial Management System		
Define the FM system to be used for the project within BANOBRAS.	BANOBRAS	Prior to effectiveness, to done within the Operational Manual
Define the FM system to be used by the participating state judiciary – including information systems. Specify if Project funds will be used to improve these systems.	States, BANOBRAS	State by state, as they participate in BANOBRAS credit program. FM arrangements must be in place before states receive funds

³ Minimum disbursement levels are set to maximize the efficiency of the hedging transactions that the Bank must execute in the financial markets, for the currency conversions to take place.

Annex 7: Project Processing Schedule

MEXICO: State Judicial Modernization Supporting Access to Justice Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)	12	20
First Bank mission (identification)	12/03/02	10/18/02
Appraisal mission departure	12/02/03	04/27/04
Negotiations	01/12/04	05/12/04
Planned Date of Effectiveness	09/30/04	

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Contabilidad; Nicolás Amaro, Coordinador de Mantenimiento y Control Patrimonial; Alejandro Saucedo Serrano, Contralor; Patricia Monserrat Cruces González, Jefe del Departamento de Inspección y Auditoría; Graciela Anguiano Zavala, Encargada del Fondo Auxiliar; Luz Angélica Vargas García, Jefe de Departamento; José Vargas Porras, Director de Informática; Roberto Acosta Espinoza, Jefe de Departamento de Informática; Beatriz Ortega Sandoval, Coordinadora de la Biblioteca y Archivo; Sandra Lorena Guevara López, Oficial judicial (adscrita a biblioteca); Araceli Rábago Oliveros, Jefe de Comunicación Social; Carolina del Pozo Fernández, Oficial judicial (comunicación social).

BANOBRA: Mr. Raúl Escalante and Ms. Virginia Alcantara; Mr. Kenneth Madrid (Honduras) [invited]

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Puebla:

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César Saúl García Acosta, Presidente del Primer Tribunal Regional del Primer Circuito; Jorge Cota Zazueta, Presidente del Segundo Tribunal Regional del Primer Circuito; Adela Ricaud Gamboa, Magistrada del Primer Tribunal Regional del Primer Circuito; José Santiago Encinas Velarde, Magistrado del Primer Tribunal Regional del Primer Circuito; Aurora Velarde Verdugo, Magistrada del Segundo Tribunal Regional del Primer Circuito; Jesús Mendoza Monge, Magistrado del Segundo Tribunal Regional del Primer Circuito; Teresa de Jesús Fontes Agramont; Juez Segundo de Primera Instancia de lo Penal de Hermosillo, Sonora; Gloria Soledad Conde Ortiz; Juez Primero de Primera Instancia de lo Mercantil de Hermosillo, Sonora; Mirna Gloria Cáñez Rivera, Juez Segundo de Primera Instancia de lo Familiar de Hermosillo, Sonora; Jesús Rogelio Olivares Abril, Juez Segundo de Primera Instancia de lo Mercantil de Hermosillo, Sonora; Javier Enríquez Enríquez, Juez Segundo de lo Civil de Hermosillo, Sonora.

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Invited: Héctor Contreras Pérez, Miembro de la Barra Sonorense de Abogados, A.C.; José Ricardo Bonillas Fimbres, Miembro de la Barra Sonorense de Abogados, A.C..

Annex 8: Documents in the Project File*

MEXICO: State Judicial Modernization Supporting Access to Justice Project

A. Project Implementation Plan

- Draft State Judicial Modernization Plans complete with annexes including those providing description, costs, implementation arrangements, procurement plans, and initial monitoring indicators from— Aguascalientes; Baja California; Chihuahua; Colima; Guanajuato; México; Nayarit; Oaxaca; Puebla; Sonora; and Quintana Roo.
- Draft Operational Manual prepared by BANOBRAS

B. Bank Staff Assessments, Reviews and Other Reports and Materials include:

- Financial Management Assessment – Daniel Boyce, WB.
- Financial Management Assessment – Victor Ordonez, WB.
- Procurement Capacity Assessment – Lea Braslavsky, WB.
- *Juicio Ejecutivo Mercantil* and Regional Research Projects, Linn Hammergren, LCSPS WB.
- *Diagnóstico sobre la administración de la justicia en las entidades federativas* - Jose Antonio Caballero Juarez, Hugo Alejandro Concha Cantu (National Center for State Courts and UNAM), México, 2001.
- *Modernización Judicial Contexto y Problemas* – Waleed Malik, Hugo Alejandro Concha Cantu, Maria Novoa, Jose Antonio Caballero Juarez, WB Mexico.
- *Judicial Reform in Mexico: A Review* - Hector Fix-Fierro, (Consultant WB) Mexico.
- *Diagnóstico Estatal de Guanajuato*- Jose Antonio Caballero, Hugo Concha with Waleed Malik WB.
- Planning reports and strategies – Faustino Barron Consultant WB
- State sector review (in progress) – Robert Buergeth and Waleed Malik with Others WB
- Mexico: a Comprehensive Development Agenda for the New Era, Eds. Marcelo Giugale, Olivier Lafourcade, and Vinh Nguyen, Chapter by Linn Hammergren, WB.
- Risk management ideas and measures – Anthony Wanis St. John Consultant WB
- Gender Information Needs – Mary Cornish and Alexandra Habershon, WB.
- Stakeholder consultation and analysis reports – Faustino Barron Consultant WB
- Mexico and Indigenous People: Ideas for Improving Justice Services – Mary Cornish, WB.
- Gender and Mexico – Engendering Mexico’s State Justice Institutions, WB.
- Fiscal Impact Review – Jozef Draaisma, and Maria Guadalupe Toscano, WB.
- NGO Assessment – Jorge Franco WB
- NGO Sample State Directory – Sam Mardel Consultant
- Consultation Workshop report – Miguel Sarre Consultant WB
- Infrastructure Assessment –Julia Mauser and Layla Castellanos Consultant WB
- Advisory Group Discussion Minutes and input materials
- Other studies: Information Technology Needs, workshop reports, option finder survey reports, NCSC meeting updates, technical visit reports, seminar materials.
- Bibliography of several articles, sector reports and other materials.
- Electronic IRIS files, videos for the Project.

Note: The information and data used in, or provided by, the PAD comes from World Bank sources such as published reports, publication drafts, background draft, World Bank mission analysis reports and findings etc. as well as from the State Judicial Institutions' and other governmental and non governmental institutions, local and international research and academic institutions published and under publication reports unless otherwise specified.

*Including electronic files

Annex 9: Institutional Context and Challenges of State Judiciaries

MEXICO: State Judicial Modernization Supporting Access to Justice Project

This Annex provides a short institutional overview of the Mexican judicial system with special emphasis on state judiciaries—their profile, current challenges and future role in the social and economic development of Mexico.

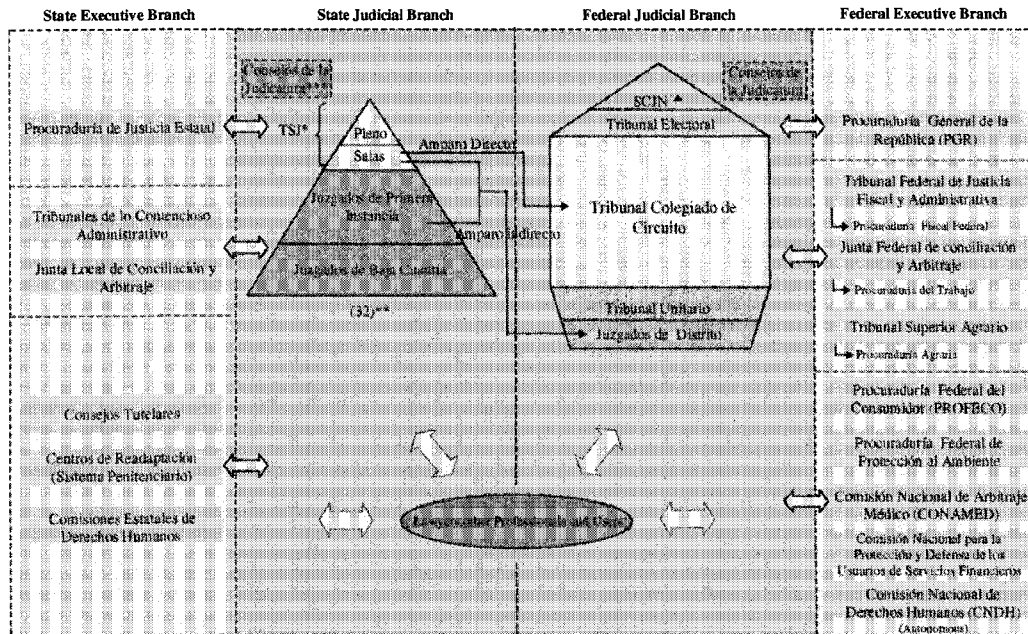
Part A. Institutional context, and profile of the judicial system

Governance and Legal Framework. The federal structure of Mexico is built on a classical division of powers among the legislative, judicial and executive branches. Mexico’s justice system is comprised of 2 systems (the state system comprising of 31 state courts plus the Federal District court system, as well as the federal court system) along with corresponding ancillary justice institutions. The legal framework for the court system is detailed in the Federal Constitution of Mexico (see, for example, Arts. 13-23, 40, 41, 94-107, 116, 133), state constitutions, the Organic Laws of the court systems, as well as procedural laws regarding civil, family and criminal matters. State courts and other justice sector agencies are organizationally independent of the federal system, operating under separate organic, procedural, and substantive laws. [Although the judicial systems are unique the terms “state judicial system” or “local judicial system” used here refer to the 31 State Courts and or the Federal District Court.]

Judicial Context and Profile. México has a civil code tradition. Its justice sector institutions are divided between the judicial and executive branches of government, and the federal and state levels. At the federal level, in addition to the federal courts (the federal judicial branch), there are several administrative courts and agencies that are part of the executive branch (e.g. *Tribunal Federal de Conciliación y Arbitraje*, responsible for hearing labor disputes) responsible for justice provision. At the state level, the distribution of judicial institutions generally mirrors the federal pattern. *Box 9.1* provides a very simplified schematic of the federal/state-judicial/executive organizational structure highlighting state judicial systems and their interplay with other actors in justice administration.

Box 9.1

Justice System
(Simplified Schematic)



- ▲ Suprema Corte de Justicia de la Nación
- * The Superior Tribunal of Justice (TSJ)
- ** 31 States and 1 Federal District
- *** Judicial Councils have been created only in some states
- † The Court of Military Justice not included

Overall Size, Workload and Budget. Overall (federal plus state) there are about 6,000 judges (justices, *magistrados*, judges, judges of the peace etc.) in Mexico (about 16,800 persons per judge). About 3,600 belong to the state judicial branches (about 28,000 persons per judge), and the rest to the federal judicial branch and administrative courts at the federal and state levels⁴. According to recent data available (2000), annual budget for the federal judicial system is about 16 billion Pesos, and for the state judicial systems is about 6.7 billion Pesos (combined total for the 31 states and the Federal District).

Mexico's overall judicial system receives about 1 million new cases per year, which are mainly adjudicated by the state court systems pertaining to civil, family and penal matters. The federal judicial branch, the federal administrative courts and the state administrative courts generally handle other matters, which include federal appeals (*amparos*) from state court systems, and labor, agrarian, fiscal, bankruptcy, drugs, military and other matters.

State Courts' Demand, Capacity, Organization, and Administrative Structures. Reviews indicate that about 80% of all judicial cases are adjudicated by state court systems. They receive approximately 800,000 new case filings per year, divided among civil, family and criminal cases (typically about 60, 20 and 20 percent respectively). The state court system lacks adequate financial, human and other resources to meet the accumulated and growing demand, and social and economic development needs. Institutional capacities are weak compared with the federal courts, and vary considerably. Only a few have performance improvement modernization programs.

State courts and other justice sector agencies are organizationally independent from the federal system, with their own organic, procedural, and substantive laws. Their basic legal framework resembles the federal structure. The Presidents of all of the State Superior or Supreme Tribunals of Justice represent the entire institution. There is a specialization of tasks according to administrative or jurisdictional activities. The

⁴ Based on Mexico's population of 100.9 million in 2002.

President of the Judiciary is the deciding authority in some administrative matters. The Plenary chamber is the authority in jurisdictional matters, and even in some cases in administrative matters.

In some states the line is drawn even more clearly between administrative and jurisdictional structures with Judiciary Councils. In such cases, the jurisdictional structures comprise a Superior or Supreme Court of Justice, with a Plenary Chamber, a president and courts of appeal, first instance and small claims courts. The courts of first instance are charged with hearing and resolving disputes relating to civil (including commercial), family, and criminal matters. Some judiciaries have courts of first instance with both civil and criminal jurisdiction. The small claim courts, in the judiciaries that have them, have mixed jurisdictions and hear civil, family, and commercial cases. Some states still have independent municipal courts.

The administrative structures, in broad terms, include: an Administrative Office, with human and material resources units, a Treasury, an Office of Government Accounting, and an Office in charge of the *Fondo Auxiliar* for the Administration of Justice (court revenues from fines, deposits etc.). Operations and information management are handled by the Departments of Statistics, a Library, an Information and/or Information Technology (IT) Unit, and lastly offices that support jurisdictional bodies; e.g. Inspector General. About 15 states have judicial councils to administer the courts or perform a mix of administrative and or judicial functions. In their concepts, these Councils were to be disciplinary and management oversight bodies, but they sometimes simply complemented the work of the Plenary Chamber, and do not supersede their authority.

Other Institutions.

Federal Executive Branch Institutions:

- ***Office of the Attorney General of the Republic (Procuraduría General de la República)*** is responsible for securing federal and social justice. It has agencies for criminal proceedings and judicial and criminal support services. It is responsible for coordinating police, judicial, criminal, and technological services.
- ***The Federal Tribunal for Conciliation and Arbitration (Tribunal Federal de Conciliación y Arbitraje)*** an administrative court, deals with labor disputes. The Court is structured around three chambers, with three magistrates each and a Plenary Chamber of 10 magistrates. Representatives of the Federation of Unions, government and workers participate in the chamber's proceedings. In 2001, there were 43,103 new individual claims filed (37,950 resolved) and 504 new collective claims filed (405 resolved); in 2002, there were 23,787 new individual claims filed (20,504 resolved) and 127 new collective claims filed (176 resolved).
- ***Procuraduría Federal de la Defensa del Trabajo*** deals with the prevention and conciliation of labor disputes, offering free legal services such as advice and representation to workers, labor unions, and other beneficiaries, to protect and defend labor rights. In 2001, the Federal Office provided 32,318 consultation and 3,317 conciliation services, and a total of 3,009 trials were initiated; in 2002, there were 23,360 consultations, 3,269 conciliations, and 3,162 trials initiated.
- ***The Federal Tribunal of Fiscal and Administrative Justice (Tribunal Federal de Justicia Fiscal y Administrativa)***. This administrative court deals chiefly with fiscal matters, although its jurisdiction has grown. It also deals with disputes that arise between citizens and the Federal Public Administration.
- ***Office of the Attorney General for Fiscal Matters (Procuraduría Federal Fiscal)*** is an institution subordinated to the Ministry of the Treasury and Public Credit for which it provides advice, produces documentation for drafting fiscal laws, legal instruments such as fiscal conventions. It is also responsible for the appeals under its jurisdiction and for ensuring that sanctions are imposed when crimes are committed against the Federal Fiscal Code and federal fiscal laws, except when another branch or administrative authority of the Ministry has jurisdiction.
- ***The Superior Court of Agrarian Justice (Tribunal Superior Agrario)*** is the highest court in the agrarian judicial system. It has jurisdiction over: a) revising sentences of the lower courts, regarding territorial delimitation of property, land restitutions, etc; b) revising the administrative resolutions of the agrarian authorities; c) resolving any conflict of jurisdiction between the lower agrarian courts.
- ***Procuraduría Agraria*** is a social service institution with ombudsman attributes, responsible for protecting the rights of citizens involved in agrarian disputes. It protects and fosters the provisions of law in the matter of rural property and proposes new measures aimed at strengthening legal safeguards in agrarian matters.

- **Federal Consumer Protection Agency** (*Procuraduría Federal del Consumidor - PROFECO*) has the mission of fostering and assuring fairness and legal safeguards in consumer-business relations and defending the rights of consumers.
- **The National Commission for Medical Arbitration** (*Comisión Nacional de Arbitraje Médico – CONAMED*) was established in 1996 as an alternative dispute resolution instrument in the medical field, to obtain non-litigious solutions to medical disputes and promote improvements in the structure of the health system. Its goal is to promote medical arbitration mechanisms as an alternative to juridical channels.
- **The National Commission for the Protection and Defense of Users of Financial Services** (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros - CONDUSEF*) serves to promote, advise, protect and defend persons who use financial products or services of Mexican financial institutions.
- **The Federal Environmental Protection Agency** (*Procuraduría Federal de Protección al Ambiente – PROFEPA*) is responsible for environmental justice and the compliance with environmental laws and regulations.
- **The Military Court of Justice** (*Tribunal de Justicia Militar*) relates exclusively to crimes committed under military disciplinary rules, and by military personnel.
- **Procuraduría General de Justicia Militar** is the institution responsible for the administration of military justice.
- **The National Commission for Human Rights** (Autonomous) (*Comisión Nacional de Derechos Humanos*) was created on January 28, 1992, when the protection and defense of human rights became constitutionally regulated. It can deal with complaints of human rights violations by any official or civil servant, with the exception of the Judiciary Branch, investigate such complaints, and formulate recommendations for the competent authorities.

State Executive Branch Institutions include: Typically each state may have a different set of institutions. An example of the justice institutions of the State of Aguascalientes is provided below:

- **The Public Prosecutor's Office** (*Procuraduría de Justicia Estatal del Estado de Aguascalientes*) prosecutes crimes committed in the State, except those falling under federal jurisdiction. The General Prosecutor is also Legal Advisor to the government.
- **The Local Court for Conciliation and Arbitration** (*Junta Local de Conciliación y Arbitraje del Estado de Aguascalientes*) is a local administrative court, which deals with disputes in labor relations between the State of Aguascalientes and workers, employers and employees. The administrative court enjoys total jurisdictional autonomy in issuing decisions and resolutions. For the exercise of its functions, the court counts on the administrative support of the Executive authority.
- **The Administrative Court of the State** (*Tribunales de lo Contencioso Administrativo del Estado de Aguascalientes*) has the chief function of resolving disputes between state or municipal authorities or their institutions and individuals. It also can issue: a) decisions against the resolutions of the state, municipal authorities or their institutions, which infringes on rights and interests of individuals; b) decide against the resolutions of any fiscal authority or institution on fiscal obligations; c) annul any illegal resolution unfavorable to an individual, when the state or municipal authorities file such a claim.
- **The Tutelary and Social Reeducation Council** (*Consejos Tutelares y Reeducción Social para menores del Estado de Aguascalientes*) seeks to protect minors and enforces responsibilities of parents, grandparents, etc.
- **The Rehabilitation and Social Prevention Center** (*Centros de Readaptación y Prevención Social del Estado de Aguascalientes*) has as its main purpose the rehabilitation of former inmates.
- **The Citizen Protection Agency** (*Procuraduría de Protección Ciudadana del Estado de Aguascalientes*) is responsible for the protection of human rights in the State of Aguascalientes.

Part B. Current problems of state judiciaries

Current complaints about the justice system concern: its ability to meet escalating demands for services, updating of laws and administrative processes, financial and human resources management, independence, alleged corrupt or biased decisions, and accessibility for the vast majority of poor or otherwise marginalized citizens.

External weaknesses:

Weak public image. After many years of being close to the executive branch and having problems of independence, efficiency and corruption, Mexican state judiciaries are perceived to lack sufficient legitimacy as conflict resolution bodies. In some cases, there is no public awareness of the role of the judiciary. According to the information published in 2001 by the Ministry of Interior,⁵ only 27% of Mexico's population trust the Judicial Branch. A survey of youth showed that only 15% expressed trust in these institutions.⁶ The Mexican Chapter of Transparency International published the results of a poll where 38 government activities were tested for corruption. The judiciary was placed in position "28" (1 being the least corrupt activity).

Subordination of state courts to the federal courts through *amparos*. Under the *amparo* system, federal judges review alleged violations by the authorities of the guarantees established by the Constitution. Federal judges also review the decisions handed down by the state and administrative courts to examine possible procedural violations.

Some 50,000 *amparo* cases were sent to the federal courts from 1999-2000, of which 29,000 came from the state judiciaries. Federal court judgments on direct *amparos* must be adhered to by the state courts, thereby curtailing the latter's powers. This causes significant institutional problems, such as the extended length and cost of litigation and the reduced legitimacy of local courts in the public's eyes. However, federal review has served to correct mistakes of some state courts.

Confusion regarding the jurisdiction of judicial authorities in commercial cases. Commercial legislation in Mexico is primarily in the federal domain but both state and federal courts have jurisdiction over commercial matters. In fact, the great majority of commercial cases are initiated in the state courts. As a result, local courts must allocate a significant portion of their resources to processing commercial cases in their courts. Some 60 to 80 percent of the 600 to 1,000 cases heard in any civil jurisdiction are business-related.

Deficient institutional operation of the overall criminal justice system. Deficiencies in the legal design of criminal procedure affect the possibility of securing effective due process in these cases. Lack of capacity by police agents and prosecutors to conduct a professional investigation are involved. According to a 1997 study, from the total investigations conducted in all the states, only 23% were concluded, and only 11.6% were finally presented to judges to initiate a trial.⁷ Despite the fact that the suspects are entitled to defend themselves during this phase, prosecutors usually tend to obstruct such processes resulting in unequal treatment. A survey of some prison populations reveals that only 30% of people being investigated have adequate legal representation.⁸ Some analysts consider that at this point the criminal procedure becomes inquisitorial and affects rights to a fair defense.

Weak monitoring of professional competence and operation. Today Mexico has approximately 140,000 law students; law is the second most popular university course of study. Yet only about 15% complete their studies, and only 50% of these obtain their degree. The lack of governmental controls over professional certification, or any other type of control (such as a bar associations or tribunals) create a serious problem with regard to the quality of the legal profession. There are indications of falsification of legal professional titles also. There is some belief that,

⁵ Programa Especial para el fomento de la Cultura Democrática, Poder Ejecutivo Federal-Secretaría de Gobernación, Secretaría de Gobernación, 2001.

⁶ Jóvenes mexicanos del siglo XXI. Encuesta Nacional de Juventud 2000, Secretaría de Educación Pública, 2002.

⁷ Zepeda, Guillermo, Expectativas de justicia defraudadas: la actuación de las procuradurías de justicia en el esclarecimiento y persecución de los delitos, en *Diálogo y debate de cultura política*, número 12, pp. 151-176, Centro de estudios para la reforma del Estado, México, 2000.

⁸ Bergman, Marcelo (coord.), *Delincuencia. Marginalidad y desempeño institucional*, Centro de Investigación y Docencia Económica, 2003.

only 15% of private defenders are effective.⁹ The more specialized cases such as amparo trials are handled by specialized lawyers, which translates into higher costs.

Low quality of ancillary legal advice and public defense services. Legal advice and assistance are weak at state levels. Almost half of the criminal courts do not have public defenders, and they tend to be inadequately trained. The federal courts also count on the services of legal advisors, who assist citizens with legal problems. However, there are none in the state courts, which is serious since they reduce the workload of the courts. At state levels the quality and capacity of public defender services is at best weak.

Human resources. The salaries and incentives offered by the federal judiciary are very difficult for local and state judiciaries to match. In many cases, staff with comparable job profiles and skills are offered twice or three times more in the federal system. Since there are at best limited options for professional development and training in state judiciaries, they are handicapped in attracting and retaining staff.

Limited influence on budget. In most states there are still mechanisms that require the judiciary to present a budget proposal to the executive branch. Thus, judiciaries face a great deal of uncertainty regarding their budget on a yearly basis.

Internal weaknesses:

Lack of Proper Design and Evaluation of Judicial Policies. Local judicial policies need better conditions to help them build standard, coherent and consistent agendas.

The problem is caused by the following: (i) lack of institutional spaces that allow for information exchange, debate and negotiation of judicial concerns; (ii) lack of mechanisms for planning activities related to designing decision agenda; (iii) most local judiciaries do not have communication with other social and political actors; (iv) lack of mechanisms to create, update and process information in a timely fashion; (v) failure to design policies so as to balance political and technical factors; and (vi) weak coordination at the execution stage. There is an absence of planning bureaus or their equivalent within the judiciaries.

· **Lack of Supply and Demand rationale.** State judiciaries lack policies to regulate the demand and supply of judicial services. Studies that could provide useful information for decision making are scarce or nonexistent. Instead institutional planning is a reaction to such pressures as case overload in neighbor regions, demands from the mass media (or other actors) or preferences of the members of the plenary chamber or judiciary councils.

Judicial Independence. Local judiciaries still face important challenges to their internal independence, both as autonomous decision makers and as entities isolated from pressures on their administrative elements.

· **Hierarchical Subordination.** Despite strengthening of the independence of many judiciaries, the strong traditions that has long characterized the judiciaries remain intact.

Hierarchical subordination is still excessive. Many of these judiciaries are still unable to organize regularly and systematic exams to determine who will be appointed as a judge, or the place where they will serve. In 2000, in many of the institutions where these exams exist there were important deficiencies, both in their design and their application.¹⁰

In 2000, it was reported that 27% of states had no unit in charge of disciplinary controls. At the same time, disciplinary procedures were criticized for being extremely formalistic. In some cases, disciplinary procedures

⁹ Unpublished materials supplied by the *Tribunal Superior de Justicia del D.F.* and the National Center for State Courts, September 2002.

¹⁰ Concha and Caballero, *Diagnostico para la administración de justicia en las entidades federativas. Un estudio institucional sobre la justicia local en México.* Instituto de investigaciones Jurídicas, UNAM, México, 2001.

provided limited scope for judges to defend themselves. Discipline procedures also present problems from the users' perspective.

- Administrative procedures. There now is more independence for judiciaries in the management of their new role as administrators but this has brought a new range of problems. Many state courts have not been able to successfully implement comprehensive, reliable management systems.

- Judicial Uncertainty. Judicial independence is affected by the fact that similar cases receive different resolutions. This negativity impacts on the judiciary's reliability. Efforts to produce more uniformity in judicial resolutions are still scarce.

Lack of Institutional Capacity. The state judicial branch is comprised of three functional structures: jurisdictional, administrative, and ancillary. In the provision of judicial services, the delays and inefficiency of the great majority of courts are due to the inherent weaknesses of these institutional structures (organizational, procedural, technological, and physical). Also, there is deficient communication, confusion in terms of both functional distribution and lines of authority, and weak implementation.

- Integral Budget Policy. Budgetary planning for state judiciaries tends to be on a short term basis. Critical estimates needed for effective budget proposals and planning are rare. Judicial branches tend to limit their budget planning to estimating future costs based on past practice. The decision making process is often characterized by improvisation. Resource utilization mechanisms within state judicial branches lack sophistication; their data is scarce, and of low quality.

- Lack of coordinated work among units. Some evidence of lack of coordination is found in the absence of a public management system, undue centralization of both decisions and operations, evidence of unsound development of human resources.

- Human Resources. There is a great need for better planning and evaluation mechanisms, and systems for the planning and oversight of human resource functions.

- Evaluation systems. State judiciaries need better administrative, disciplinary and performance controls, despite progress in recent years. Inspections and control visits to courts are still characterized by excessive formalism. There are no parameters and criteria for systematic evaluation. There have not been any improvements in personnel performance indicators.

- Physical Infrastructure. Current facilities are generally dilapidated. They constrain citizen access to courts in many locations, in particular in rural areas and towns. Judiciaries rarely own the buildings they use. Frequently, decisions regarding the location and permanence of the courts are taken without consideration of the needs of justice administration. There is a need to explore other options to improve courthouse provision in different locations.

- Uneven Resource Allocation. The allocation of resources in state court systems is not always the result of a monitoring process that evaluates the needs of each court. Courthouses in state capitals or important cities are usually better equipped than others, even if their workload is similar or lower than that of rural courts.

- Weak technological capacity. Many courts still operate with little or no technological support. There are institutions where equipment continues to be either inadequate or underused. In most cases, major capital investments are being advanced without a specific program. Only half or less of the country's courthouses receive adequate computer equipment, of which only half is considered to be used in an optimal manner.¹¹

¹¹ Concha and Caballero, *Diagnostico para la administración de justicia en las entidades federativas. Un estudio institucional sobre la justicia local en México*. Instituto de Investigaciones Jurídicas, UNAM, México, 2001.

Procedural and Operational Deficiencies:

- Inadequate Case Management. The excessive reliance on legislated rules produces highly inefficient forms of case administration (formalism). There are no officials supervising the filing and follow up of each case, leaving this type of work to the judge. Cases are filed and processed through practices learned over generations, without the use of modern techniques and technological advances. Studies show the need for procedural simplification. Case management would also be facilitated by fast track procedures for the more simple cases.
- Backlogs and delays. Inefficiency and the problems derived and associated with it, cause large backlogs throughout the country. In the same time, it is the surface symptom of numerous problems; e.g. lack of organizational and technological quality standards, and human resource professionalization.
- Poor Statistical Records. The lack of sound statistics makes the assessment of backlogs, delays and enforcement patterns difficult. Judges complain that the system does not produce automatic and reliable statistics.
- Inefficient Bailiff and Clerk Operations and Supervision. Inadequate supervision of bailiffs and in some cases corrupt practices cause delays. Many bailiffs are unionized, making management control difficult. Also, the number of staff assigned to these tasks is generally low. Bailiffs complain that they lack adequate transport facilities and police security to perform their functions, and that postal system problems delay their work.
- Uneven Workload distribution. An uneven distribution of workloads contributes to the overload of some judges. There is not reliable information base for judicial performance and rational court distribution.
- Inadequate User-accessible Information. The information that is available to the parties in a legal process is normally very deficient in both content and availability. Some complain of corruption by court employees for the provision of specific information even though it is in the public domain.
- Excessive delay in prosecution. The work of prosecutors in many states is slow and weak. Lawyers complain of problems in investigations and delays in preparing paperwork for submission to judges. According to the Attorney General's Office, only about 25% of matters actually make it to a judge for the case to initiate, signaling defects in investigations and other aspects.
- Lack of proactive judges and control over parties. In commercial proceedings, the burden of proof and standards of evidence are usually less strict than in criminal proceedings. But civil justice proceedings are typically filled with different measures to guard against possible violations of the defendant's rights. Lawyers usually use them abusively, for which more judicial control may be needed. Since judicial career systems are weak, judges feel that if they push lawyers to follow strict time limits, complaints would be launched against them, and these would affect their chances of promotion as well as their images.

Barriers to the Use of Legal and Judicial Services.

- Access for the poor and disadvantaged. As a large proportion of the population is considered poor, judiciaries must provide solutions to their problems. Some states have tried to improve access by establishing a system of small claims courts but the outcome has not been completely satisfactory. Many of these courts are clearly underused. So there is still a large part of the population that remains outside the judicial system. Judges need to be more creative in promoting avenues for people to access the judicial system.
- Access from a gender perspective. From a gender perspective, there are two types of problems. On one hand, there is still an inequitable integration of the judiciaries. In 2000, the ratio of male to female judges was 2.4:1. The plenary chambers as well as the heads of most of the administrative offices are clearly dominated by male judges and administrators. In trial courts, in contrast, the ratio between men and women registers a favorable tendency towards equity.

On the other hand, almost thirty percent of Mexico's day workers are women, for whom a lack of information impedes access to justice. In family disputes, women face difficulties obtaining child support, restraining orders and divorce judgments. Judiciaries also face complications related to compliance. Despite recent efforts to mitigate family violence, prosecutors and courts have not been able to successfully enforce statutes that protect women and children from domestic violence.

- Access for indigenous groups. Throughout much of the country there are indigenous populations calling for judiciaries to address their cultural, ethnic and language needs. There has been increasing activism on the part of indigenous advocacy groups for the recognition of indigenous rights and equality before the law. Some state judiciaries have started taking measures to improve their access to justice but generally, there is a need to promote cultural sensitivity training among the ordinary court system judges and officials. Also, there is a need to promote programs for interpreters, bilingual judges and to prepare informational materials in indigenous languages on the operations of the ordinary court systems. There is also an important problem in that specialized jurisdictions are usually very limited in their subject matter competence. Therefore, judges cannot hear criminal cases, except for those that involve minor crimes.

- Corruption. Inside the judiciary, the two predominant types of irregular activity are "tips" paid to court officials when they perform a certain task, or payments to court clerks to notify people when there is useful information.

- Low citizen confidence, lack of information, and disconnect between the Judicial Branch and society. Studies indicate that perceptions of the efficiency of judicial operations in Mexico are among the lowest in Latin America. Society at large is unaware of the workings of the judiciary, and cannot assess its performance properly. For its part, members of the judiciary are inadequately informed about the characteristics of the society that they serve, and of the perceptions that the public has of the judicial function.

Initial Development of Alternative Dispute Resolution Methods. Alternative dispute resolution mechanisms have been contemplated by Mexican statutes for many years. However, efforts to take advantage of these have been scarce and Judges are usually skeptical about them. Nonetheless, over the last few years, several judiciaries have established new alternative dispute resolution programs or are getting ready to implement them. Judiciaries are rediscovering their relevance as instruments to help reduce the number of cases in the courts, as well as methods that help promote better conflict resolution.

Limited Knowledge-Sharing among Institutions. Knowledge-sharing is intermittent and weak on issues such as research and training, and is focused only on isolated modules for case management systems. Despite some years of national meetings, there is limited capacity among jurisdictional and administrative staff in pursuing and leading integral modernization and reform programs.

Lack of Information, Transparency and Accountability. State judicial branches are typically not accustomed to providing information or to being scrutinized by society, nor are they amenable to control mechanisms. There is a lack of mechanisms to share experiences and information among different judiciaries and within institutions. Recent democratization steps have led to the approval of legislation in this area, several states have passed laws on transparency and access. Most judiciaries in the country need to improve accountability mechanisms. They lack processes by which individuals can complain about the behavior or actions taken by judicial officials.

Part C. Role of State Judiciaries in Development

State judiciaries can play an increased role in social and economic development and help address other developmental challenges, some of which are set out in Mexico's National Development Plan, discussed below.

Economic Development and Competitiveness. The ongoing regional and global integration of Mexico's economy means that future growth will, to an ever greater extent, rely on "enhanced competitiveness in international

markets.”¹² However, the World Economic Forum’s index of national competitiveness for growth puts Mexico 45th out of 80 countries taking into account the condition of public institutions and governance.¹³ Clearly, there is an opportunity for improvement.

Strengthening the judicial sector will provide a solid foundation for the public and private investment that is needed for Mexico’s fuller participation in the global economy. Foreign investors, in assessing their investment risk, look at a country’s dispute resolution capacity. Therefore, the capacity of the judicial sector to optimally manage public, private and commercial disputes has a two-way relationship with economic growth. Growth leads to more sophisticated demand for transparent judicial authorities, while a functioning judiciary also diminishes some of the uncertainty that discourages foreign and domestic investment.

Building Institutional Capacity. Development initiatives in Mexico take place within a dynamically changing framework of governance.¹⁴ In a context of decentralization, new accountability to voters and markets and increasing autonomy, the institutions of state governments have to update their skills, performance and adaptability to change.

Public Security. Mexico’s government and civil society link the growth of violent and organized crime to problems in the administration of justice, police and judicial corruption. The traditional definitions of security practiced by Mexico and many other countries functioned to preserve the state and its regimes, often at the expense of the human rights of their citizens. Mexico’s current National Development Plan explicitly seeks to reverse this. Mexico’s government now defines security far more broadly than the old national security paradigms permitted.¹⁵ It includes explicit reference to human rights, personal security, protection from natural and environmental disasters and national defense against drug and arms trafficking, among other hazards. This emerging view of public security *as a development concern* calls attention to the need for improvement in the administration of justice, the rule of law and strengthening of institutions at the level where they most touch citizens’ lives—the state level.

¹² Marcelo Giugale, “Synthesis,” in *Mexico: A Comprehensive Development Agenda*.

¹³ Peter Cornelius and Klaus Schwab, eds. World Economic Forum, *The Global Competitiveness Report 2000-2003*, cited in Ricardo Macouzet and Luis Gonzalez, “La Política Exterior y el Comercio de Mexico,” *Este País* (April 2003).

¹⁴ Marcelo Giugale, “Synthesis,” in *Mexico: A Comprehensive Development Agenda*.

¹⁵ “Plan Nacional de Desarrollo.” § 7.3.1., Independencia y Soberanía.

Annex 10: A Review of Judicial Reform in Mexico

MEXICO: State Judicial Modernization Supporting Access to Justice Project

I. Introduction

This Annex provides an overview of the Mexican legal and judicial system—its reform process and its contemporary structure—and identifies the principal challenges facing overall legal and judicial reform in Mexico¹⁶.

II. Federal Judicial Reform

The events leading to the 1994 Reform

The year 1994 was a turning point for the Mexican judiciary. In order to fully understand these and later reforms, it is necessary to examine the structural changes that occurred over the previous two decades:

- *Socio-demographic trends.* Between 1940 and 1990, Mexico's population quadrupled, the urban to rural population ratio was inverted, life expectancy at birth nearly doubled, illiteracy was reduced by a factor of five among persons 15 years and older, and almost half the working population transferred from the rural sector to industrial and service sectors.
- *Economic reform.* The administration that took office in 1982 liberalized the Mexican economy, opening it up to the world market. Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986 and negotiated the North American Free Trade Agreement (NAFTA) with the United States and Canada.
- *Political change.* After 1988, the PRI-dominated government saw itself forced to negotiate several electoral reforms with opposition parties (in 1990, 1993, 1994 and 1996). The reforms addressed the independence of the agency charged with organizing elections, the reliability of the voters' registry, the mechanisms for the settlement of electoral disputes and campaign financing. This created competition between political parties at all levels of government, and thus an independent body was needed to serve as an impartial agency for dispute resolution.
- *Legal change.* During the 1980s, the Mexican legal system also experienced an accelerated process of change. This increased the prevalence of legal rules and institutions in social life, and the law was transformed from being merely a symbol into a technical, practical and effective instrument.

The 1994 Reform

In December 1994, President Ernesto Zedillo introduced a bill to the Senate proposing to amend several Articles of the Federal Constitution related to the justice system.¹⁷

The bill forced all twenty-six sitting justices of the Supreme Court into early retirement. The bill also proposed that the Court return to its original composition of 11 justices because case backlog was no longer a problem and the Court's administrative tasks were being transferred to the Council of the Federal Judiciary.¹⁸

¹⁶ Summary based on the report prepared during Project preparation by Hector Fix Fiero and other mission findings and ongoing work available in Project files, see Annex 8 for reference reports and material.

¹⁷ In July 14, 1994, Zedillo, then presidential candidate of the ruling Partido Revolucionario Institucional (PRI), made an important campaign speech in Guadalajara, in the Mexican state of Jalisco. The speech delineated "ten proposals for a new security and justice system". Six out of the ten proposals referred to crime control and criminal justice issues. See Zedillo (1994).

¹⁸ See "Iniciativa de reformas de los órganos del Poder Judicial de la Federación", in Fix-Zamudio/Cossío Díaz (1996, 583-584). The contention that backlog was almost "nonexistent" admits of some qualification. According to Supreme Court statistics, on December 1st, 1994, the Court still had 2,366 pending cases on its docket (*Informe de labores de la Suprema Corte de Justicia de la Nación*,

Furthermore, it broadened the Court's jurisdiction in Constitutional cases and established the Council of the Federal Judiciary as the governing body of the federal courts. Finally, it instituted a formal "judicial career." The amending decree was published on December 31, 1994.¹⁹

Subsequently, in 1996, the Supreme Court was granted the power to review the constitutionality of federal and state electoral laws—the *amparo*—which had been excluded from its purview by the 1994 reform. In 1999, a new Constitutional Amendment increased the influence of the Supreme Court by mandating it to appoint four of the seven members of the Council of the Federal Judiciary, and assigning it the power to review the Council's most important decisions. Additionally, the Amendment granted the Supreme Court the power to decide which cases it hears based on their importance and relevance, sending the rest to the Collegiate Circuit Courts.²⁰

The Amendments to the Federal Constitution over the past ten years have conferred greater power, authority and visibility on the federal courts in general, and on the Supreme Court in particular, vis-à-vis other branches of government. The willingness of the Mexican government to transfer power to the courts is likely explained by the growing political pluralism within the country, creating incentives for both the ruling party and the opposition to question the President's political authority. Consequently, the President is increasingly unable to be the arbiter of last resort.

The Constitutional Amendments of 1994 therefore were intended to strengthen the independence of judges both externally (vis-à-vis other branches of government) and internally (vis-à-vis other judges)

External Independence

The Mexican political system has historically manipulated judicial independence changes in the terms of the judicial office, and in the rules of jurisdiction. Politically sensitive matters such as elections were excluded from the purview of the Judicial Branch.

The reforms of 1994 diminished the probability that judicial appointments would be made for "political" reasons, rather than on merit. The 1994 reform changed the rules regarding the terms of office for Supreme Court justices. Previously, justices were appointed by the President and ratified by the Senate, following the US model. After 1994, the President was obligated to submit a list of three names for each vacant post, and the Senate makes the appointment by a two thirds majority, after conducting a hearing with the candidates (Article 96). The Constitution now also requires that candidates to the Supreme Court not have occupied high political positions, such as Secretary of State, Attorney General, member of Congress, etc. during the year prior to their appointment (Article 95, section VI Mex. Const.), and they may not occupy any of these positions for a period of two years after retiring from the Supreme Court (Article 101 Mex. Const.).

Judicial independence has also been increased due to the allocation of financial resources to the judiciary. The 1994 reform extended Article 127 of the Federal Constitution—that certain public officials, including Supreme Court justices, have a right to adequate compensation which can be neither waived nor diminished during their time in office—to circuit and district judges (Article 94 Mex. Const.). It also provided that the Supreme Court and the Council of the Federal Judiciary prepare a judicial budget that must be included, without changes, in the Draft Budget of the Federation for its discussion and approval by the Chamber of Deputies (Article 100 Mex. Const.).

1995, Anexo, at 429). Of course this is a far cry from a backlog of almost 38 thousand cases that had accumulated on the Court's docket in the 1950s (Fix Zamudio/Cossío Díaz, 1996, 583).

¹⁹ See press reports in *La Jornada*, *Reforma* and *Excelsior*, December 1994.

²⁰ Some of the most distinguished constitutional scholars have expressed rather critical views on this amendment, See Carpizo (2000), Cossío Díaz (2001).

Internal Independence

Traditionally, the Supreme Court had the power to appoint, and apply disciplinary measures to federal judges.²¹ Thus, the internal independence of judges could be compromised. The introduction of examinations for the selection and appointment of lower federal judges has weakened the internal links of dependence between them. A greater degree of judicial independence and power must be coupled with more developed and effective accountability mechanisms, which has indeed been observed in Mexico since the 1994 Judicial Reform.

Prior to 1989, there were no special rules governing the Supreme Court *vistas*, visits to federal judicial circuits to inspect the operation of the courts, detect any irregular behavior, and address complaints that attorneys or judicial staff might have. The 1995 Organic Law of the Federal Judiciary created a monitoring system that is much more developed. It established an auxiliary agency of the Council of the Federal Judiciary, the *Visitaduría Judicial* (Article 98 ff.). The Law also defined rules on the procedures that must accompany a *visita*.

The Organic Law also contains the specific disciplinary measures which can be applied to judges and judicial officials (Articles 129 ff.). According to the Council of the Federal Judiciary's reports, disciplinary measures seem to be more frequently applied, including the dismissal and non-ratification of judges.²² But in its report on Mexico in 2001, a UN agency estimated that corruption affected between 50 and 70 percent of federal judges, adding that the Council of the Federal Judiciary had never punished a federal judge for corruption.

- *Accountability*

Significant progress has been made in recent years improving the accountability and transparency of the courts. In April 2002, the Congress passed the Federal Law on Transparency and Access to Public Governmental Information, under which²³ all obligated subjects –including the Federal Judiciary– have to make publicly available all information relating to their internal operations.²³

- *Efficiency*

Several developments in the Mexican judiciary in recent years concern its efficiency. The most important strategy employed by both the federal and the state judiciaries to cope with growing caseloads and the problem of backlog has been the establishment of new courts.

Despite significant growth in the number of courts, however, the average number of cases per court is not very different from what it was in 1970. Cases have also become more numerous and complex. The increasing complexity of administrative tasks has interfered with the adjudicative activities of the high courts, which had traditionally been charged with the administration of the court system. This was especially true of the Federal Judiciary, where day-to-day administration was conducted by the president of the Court with the support of only two justices. The establishment of judicial councils for the Federal Judiciary, the Federal District and 14 states offered a separation between adjudicative functions and administrative tasks. In Mexico, as in many other countries, administrative powers have been wrestled away from the Supreme Court, not the Ministry of Justice. As a result, this dynamic fosters the possibility of internal conflict between both judicial

²¹Until 1994, an informal judicial career existed at the Federal Judiciary: young recruits would ascend the internal hierarchy of judicial posts up to the position of clerk ("secretario") at the Supreme Court. From there they could be appointed as district judge and, occasionally, circuit judge by the Court, at the proposal of one of the justices. For an excellent description of the merits and flaws of this system see Cossío (1996). At the state level a similar system was in use, although stability was much more precarious.

²²Between 1995 and 1998, the Council decided not to ratify 9 district and 2 circuit judges; only 2 district judges were dismissed from their posts. According to article 97 of the Mexican Constitution, district and circuit judges are appointed for a term of six years, at the end of which, if they are ratified or promoted to higher office, they can only be removed from office through impeachment.

²³In August 2002, three senators from different parties submitted to the Congress a bill for the amendment of this Law. It would require the Federal Judiciary to publish *all* its decisions.

bodies. The administrative role of the Council is controversial,²⁴ but for the most part trial judges recognize that their needs and problems receive much more attention than they did previously.

- *Equitable Access*

A lack of access to the courts is a reality for the majority of the population—most notably marginalized groups such as women, indigenous groups, and the poor—who have had to turn instead to quasi-judicial institutions such as the National Ombudsman for Human Rights. Despite the growth in the number of courts, there is no evidence that a large sector of the population has increased its access to the court system.

Lawyers

In contrast with public defenders' offices located in the states, federal public defenders are relatively well paid and assigned manageable workloads. In 1997 these offices were transformed into an agency with technical autonomy—the Federal Institute of Public Defenders (*Instituto Federal de Defensoría Pública*)—permitting the defense of defendants during the criminal investigation phase, and providing legal advice in other non-criminal areas of federal law. However, the Institute can only manage a very small portion of the actual demand.

Judges

With respect to the selection and appointment of judges, the Council of the Federal Judiciary has introduced some changes into the judicial selection and appointment process. It determined that the admission examination for training programs is equivalent to the first stage of the examination for appointment, provided a candidate successfully completes all courses and training practices.²⁵

A very high turnover rate that has resulted from the accelerated growth of the Federal Judiciary. At the end of 1995 there were 472 federal judgeships (176 district judges and 296 circuit judges). At the end of 2001, this number had grown to 764 (252 district judges and 512 circuit judges), an increase of 61.6 percent. During the same period, however, a total of 412 district judges (63.5 percent of their total number at the end of 2001) and 320 circuit judges (62.5 percent of their total number at the end of the same year) were selected, either by examination or by direct appointment, on the grounds of the urgent need to appoint new judges. This has weakened the application of the requirements to become a judge, and decreased the competency levels of candidates.

The new system for the selection and appointment of judges has a visible positive effect—it makes the judiciary more open, merit-oriented, independent and accountable. At the same time, it is less prone to clientelism, cronyism and political manipulation. However, it is doubtful that the training programs implemented as a requirement for appointment can by themselves successfully foster a new mentality among judges and a deeper reflection on the role of adjudication in society.

Although the Federal Judiciary is the most influential judicial institution in Mexico, it is only one among many court systems. The 31 states and the Federal District each have their own judiciaries, which deal with the majority (about 80 percent) of the total cases nationwide. Historically, reform efforts have neglected to focus on local judiciaries to an even greater extent than the federal courts. And the greatest challenge to *federal* judicial reform may be *state* judicial reform. The federal and the state judiciaries are inextricably linked for historical reasons, so reform of either the former or the latter alone is insufficient.

III. Judicial Reform in the States and Federal District

²⁴ González Placencia (2002) reports that opinions were evenly divided among court clerks when asked about the role of the Council of the Federal Judiciary.

²⁵ See, example, “Acuerdo general 24/2001, que fija las bases para el décimo concurso interno de oposición para la designación de magistrados de circuito”, and “Acuerdo general 25/2001, que fija las bases para el quinto concurso interno de oposición para la designación de jueces de distrito”, both of April 25, 2001, at <http://www.cjf.gob.mx>.

The reform process at the state level began in 1995 and is still unfolding, although the depth, manner and pace of reform varies greatly from state to state. The most important changes at the state level are:

- *Independence.* Many states are experimenting with different processes aimed at ensuring that the selection and appointment process of state appeals judges is professionally oriented. In most states, training institutes have been established and examinations are routinely applied to the selection and appointment process of lower judges and other judicial officials. State judicial budgets have grown greatly in the last five years as judiciaries have gained financial independence.
- *Accountability.* Many states have attempted to make monitoring and disciplinary procedures more reliable and effective.
- *Efficiency.* About half of the Mexican states have established a Council of the Judiciary, which has allowed them to effect greater separation between judicial and administrative tasks, increasing efficiency and enhancing growth.
- *Equitable Access.* Access to justice has been increased primarily through the establishment of new courts.

IV. Relationship between the Federal Judiciary and the State Judiciaries

Under the 1824 Federal Constitution, cases filed in local courts were required to be resolved entirely by those courts—there was no appeal of state decisions before the federal courts. This changed in the latter part of the 19th century through the *amparo* suit, which allows the review of state judicial decisions by the federal courts. The *amparo* brought about a *de facto* unification of the federal and state judiciaries. As noted, it has developed into a highly complex system for the review of all types of decisions by public authorities (including courts), both local and federal.

Most changes in the composition and jurisdiction of the Supreme Court during the 20th century were aimed at reducing the growing caseload and decreasing the backlog within the Court, caused by the large number of cases brought under the *amparo* provision.²⁶ Justices were successively added to the Supreme Court, and new circuit courts were established to take over some of the Court's business.

As discussed above, state judiciaries complain that interpretations by federal courts in *amparo* suits are inconsistent, making the granting or denial of an *amparo* rather *ad hoc*. Moreover, many state judges think that the quality of federal decisions has declined, and that state judicial decisions are thus often superior, and state judiciaries are displaying a new assertiveness and are trying to claim back their judicial autonomy. Furthermore, state courts must now use their scarce time and money to hear commercial cases, which belong to the federal jurisdiction, because federal courts are too busy with *amparo* cases. Members of the Federal Judiciary complain that they are forced to do the job of state judiciaries because they must review many local judicial decisions.

V. Increasing Professionalism of Lawyers

In Mexico, legal education has stagnated and remains grounded in legal-theoretical models of the 19th century. And, beginning in the late 1960s, enrollment in public law schools began to increase dramatically, resulting in a marked decline in the quality of instruction. There is no equivalent to a bar examination, so that a university degree (and in certain cases, not even that) is required for someone to be licensed as a lawyer. Law schools enjoy a large degree of autonomy to decide the type and quality of education they provide. Programs are therefore needed to help modernize and standardize legal education.

VI. Some Primary Reflections on the Future of Judicial Reform in Mexico

²⁶ Taylor (1997:145 ff.) and Fix-Fierro (1998).

Past efforts at judicial reform in Mexico have neither been based on empirical analysis, nor benefited from a systematic or holistic participatory approach. They have lacked the direction that can only be provided by an informed group of reform strategists and stakeholders, and such individuals were notably absent from past reform efforts. Nevertheless, the 1994 reforms gave impetus to a new reform process. Judicial reform in Mexico appears to have been responding to social demands and expectations, no longer dictated solely by the interests of political and legal elites. Further reforms, however, would have a greater impact if they were built upon a solid foundation of consultation, research and collaboration between key stakeholders, in order to maximize the effectiveness and sustainability of future reform measures.

Unfortunately, in the absence of such a sustained reform process, it appears that legal and judicial reform in Mexico will follow a less formal process and will instead manifest itself in the redefinition of the role of courts in society, its nature and extent determined largely by societal pressures. But there is another reason as well—political and institutional trends are towards greater local autonomy, and the judiciary will not be left untouched by this development.

A well-functioning democracy depends upon an effective judicial system. Society expects the courts to be “guardians of democratic promises”, but according to opinion polls, citizen trust and confidence in the judicial system remains low. Transparency is essential to increasing the legitimacy of courts and building citizen confidence in those courts. The current political environment in Mexico, with an increasingly independent judiciary and a multi-party government, has the potential to improve judicial performance. If judicial modernization, transparency and accountability can be achieved, judicial reform has a chance to flourish.

Annex 11: Participatory Approach and Mapping of Modernization Plans

MEXICO: State Judicial Modernization Supporting Access to Justice Project

Introduction:

Adopting a strategic perspective is essential for judicial modernization. The sustainability of judicial modernization efforts depends on continuous leadership and commitment, the effectiveness of human resources, adequacy of financial resources, relevance of planning, support from stakeholders, and attainment of clear results-on-the-ground that generate benefits.

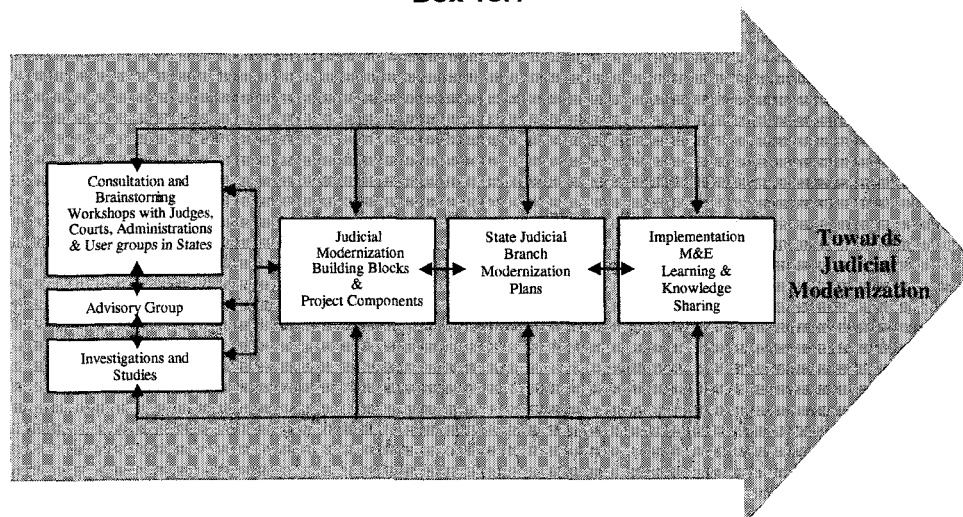
Mexican state judiciaries vary enormously in their attributes such as capacity, size, budget, structure, social context, and performance. This diversity of needs requires flexibility in approach to cater for implementation complexities. The modernization needs also vary from state to state. And experience exists in many states that needs to be shared and leveraged for optimal change.

In view of the above factors and risks, a “participatory approach” is proposed for advancing judicial modernization (See Box 11). Under this framework, flexible “building blocks” (thematic components of the Project) and working guidelines or eligibility criteria (see ahead), prepared on the basis of extensive consultations in states and external advisory group meeting and studies, would guide the design and implementation of state judicial modernization plans (subprojects). There is also a key focus on learning and knowledge-sharing during semi-annual monitoring and evaluation reviews.

This Annex provides the following outline of the participatory approach:

- Part A. describes the consultative “reflection and strategic planning” process adopted so far with states for the preparation of state judicial modernization plans (subprojects).
- Part B. describes the technical eligibility criteria (or working guidelines) for assessing the viability of judicial modernization building blocks supported under individual state plans, and applies them by mapping some state modernization plans.

Box 13.1



Part A. Reflection and Strategic Planning Workshops for Internal and External Stakeholder Consultations

As noted elsewhere, modernization plans have so far been drafted by **eleven states** (Aguascalientes, Baja California, Chihuahua, Colima, Guanajuato, Nayarit, Oaxaca, Quintana Roo, Puebla, Sonora, and Estado de Mexico) and are in different stages of internal approval/publication. Copies of these plans are available in Project files.

All of the involved states conducted highly participatory strategic planning workshops, combined with the results of studies, which served as the inputs for the modernization plans. The workshops were aimed at generally **sensitizing the participants to modernization concepts and processes**, familiarizing them with the “good practices” used for this purpose, and examining ways of bringing about desired changes.

Other workshop inputs derived from consultation with users groups such as justice sector officials, NGOs, legal practitioners and civil society entities.

Design of Judges and Court Administrator Workshops (and follow-on work sessions). The workshops involved a highly representative, cross functional group. It typically included about 10-25 percent of each state’s sitting judges and court administrators from different functional areas, along with support staff. A contributing component was the validation and approval of the modernization plan by the full Plenary Chamber of each state judicial branch and/or judicial council.

The workshops were run through brainstorming sessions and exercises. These concentrated on the basic principles of contemporary strategic and tactical planning models, and their adaptation (as much as possible) to judicial institutions and practices. The participants were briefed on important elements of modern organizational models: flexibility, innovation, open information flow, proactive supervision and continuous improvement. In the discussion, these characteristics were underlined as a means of attaining more accessible, competent and credible organizational functioning, with the potential of obtaining significant results.

During the sessions, the participants worked towards achieving the following goals:

- Diagnose the current situation of the Judicial Branch, analyzing its structure and organization, human resources, processes and technology;
- Define a vision of the desired future with selected, prioritized objectives
- Design and develop a strategic plan for accomplishing the objectives;
- Discuss how to implement the plan and supervise this process;
- Discuss how to periodically gauge progress and results for the purposes of continued improvement.

The aforementioned goals were addressed in the following ways:

(i) A first target was the diagnosis of the current situation of the judiciary, the branch’s prospects and its objectives. There was an analysis of its present internal and external conditions. Following a “360+ type” evaluation, opinions were sought from the various actors involved in the provision and reception of justice administration services. The questionnaire used was aimed at determining the motivations of employees; their client relationship strategies and activities, the

attitudes of users towards the judiciary; and the extent of enhanced efficiency and effectiveness that should be gained through improvement efforts. Subsequently, a brainstorming session discussed the strengths, weaknesses, timeliness of services, and existing constraints/risks in the states' judicial branch. This analysis served to identify some impediments to modernization.

Another analysis concerned the efficiency of the pertinent organizations, which was carried out through assessment of the problems and challenges facing the Judicial Branch. Workshop participants (grouped by specialties) discussed problems in the political-judicial, administrative, jurisdictional, client and inter-institutional relations areas.

In discussing external factors that affect the Judicial Branch, the working groups analyzed socio-economic forces and technological changes. They considered new socio-economic conflicts, changes in lifestyles, educational levels and citizen participation. The group discussed the extent to which judicial processes now use technological innovations, and how successful were the changes that reflected their advancements.

Through additional interdisciplinary discussions, the participants addressed definitions of their institutional missions and visions. In this segment, there was a "sensitization exercise" designed to reduce resistance to change. This sought to help participants to visualize the desired future of their organization. For this portion, the experience of other countries and Mexican states (e.g. Brazil, Venezuela, Guatemala, Tabasco, Nuevo León, Guanajuato, Quintana Roo, Chihuahua) was discussed.

Through this initial part of the workshop, the groups identified the "building blocks" of the Judicial Branch at local levels. The core concepts included the provision of open access to justice, transparency, efficiency, development of human resources, and functional and institutional enhancement. There was discussion of the strategies needed to put in place the intended goals. These included the creation of legislative, procedural and institutional policies; organizational improvements; technology updates in information and communications; infrastructure adaptations; human resources development; public education and dissemination programs; knowledge exchange; and stakeholder involvement.

(ii) The second workshop topics dealt with strategic planning itself. The participants addressed how to define and make operational the strategies needed for achieving institutional modernization. To this end, the participants discussed the uses of five tools: [a code of ethics, operational pyramid, implementation web, clearinghouses and the Gantt chart.]

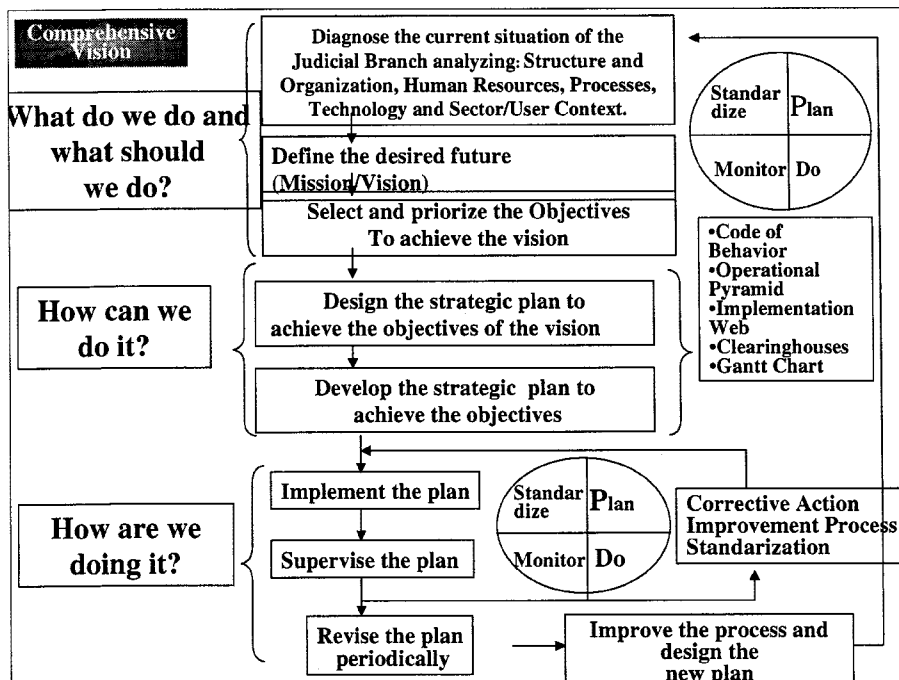
- A *Code of Ethics* was stressed as an essential element for progressive and sustainable modifications of values, attitudes, and work patterns. ("Ethics" were defined as the combination of fundamental, perennial or universal values, plus the attitudes and behaviors routinely assumed towards the world, institutions, individuals and things.) The participants in the discussions identified four pertinent actions. To address the first, they answered a questionnaire concerning individual and group value hierarchies (based on the Theory of Values of Edward Spranger). This related to personal interests, personal motivations, favorite pastimes, entertainment, professional goals, self-improvement, educational interests, desired image, role in the company and personal goals. The second action concerned the "the ideal code of ethics" It dealt with the main values – natural, theoretical, political, economic, social and aesthetic. The third piece concerned the gaps between real and ideal behavior codes, which touched on individual behavior changes and the institutional re-alignment toward more ideal behaviors. The fourth involved the definition of performance controls and indicators usable for facilitating compliance with such Codes.

- An *Operational Pyramid* was discussed as a conceptual structure for the practical application of institutional objectives. It underlines the difference between the design of good intentions and their application in practice. The pyramid consisted of 5 functional parts: objective, strategy, actions, expected results, and indicators to measure performance. Participants conducted an exercise in which they had to set realistic goals and follow through with their realization.
- An *Implementation Web* is a comprehensive visualization of the modernization process supported simultaneously by all areas in the institution. Its purpose is to see that the actions proposed in the operational pyramids are coordinated in a comprehensive manner.
- The idea of *Clearinghouses* was defined as a means of coordinating efforts for obtaining mutual commitments on the execution of the actions proposed in strategic plans. Agreements would be defined in writing, and participants would agree and commit themselves to their fulfillment.
- For monitoring all the processes, the *Gantt chart* covers in a general summary table the pyramids integrated with their programming, budgeting, and control indicators.

(iii) The remaining segment of the workshop dealt with the implementation, supervision and periodic review of the modernization plan. During the discussion, it was agreed that judicial modernization is a learning process that has to be carried out systematically, and that provisions need to be installed for the timely correction of gaps or errors.

These workshops were followed (and in some cases preceded) data gathering and organizational analysis sessions and validation exercises spread over several days. The following table outlines some of the points discussed at the judges and court administrator workshops.

Reflection and Planning:



Part B. Technical criteria or Working Guidelines and their Application in Mapping (evaluating) Modernization Plans from Different States

As noted elsewhere, the technical criteria to be used by BANOBAS in the selection of States to participate in the Project include that the Judicial Modernization Plan be consistent with the Project objectives¹ and be viable in terms of having an integrated institutional perspective, promoting a culture of service; provide an efficient distribution and management of resources, and be developed through a participatory process including consultation with relevant stakeholders. Additionally, the Plan should be viable without the need for legislative reform.

- **Integral Perspective:** Judicial Modernization Plans should be the product of an organizational analysis and should set general and specific objectives and related strategies, measures, and activities, derived from such analysis.
- **Promotion of a culture of service:** The Judicial Modernization Project should state how the judicial branch proposes to interact with its users (to serve society), and inform them about its operations. How does the Judiciary plan to analyze the characteristics of its users in order to effectively serve them. How does the Judicial Modernization Plan link its modernization plan to the needs and roles of other parties for a better administration of justice (e.g., prosecutors, public defenders, etc.); identify vulnerable users and provide services in accordance with their needs.
- **Efficient distribution and management of resources for the implementation of the Judicial Modernization Plan:** How will the resources requested be used to meet the needs so as to meet the tests of efficacy (the relationship between the quality of services provided, and their ultimate benefit for users); efficiency (the relationship between results obtained and their costs); and service quality (the relationship between results obtained and proper standards of judicial services).
- **Viability without constitutional or legislative reform, including only such modernization activities (and corresponding resources) that do not require constitutional or legislative reform and can be implemented under current legislative framework.** Studies and reviews that would facilitate future reforms may be considered.

These working guidelines have multiple purposes. One is to facilitate consultations with internal and external stakeholders. A second is to help direct the development of the modernization plans and their evaluation by BANOBAS to make go / no-go decisions. A closely related aim is to help provide a basis for future learning within the Project (with an eye to the diverse applications of the modernization building blocks scheme among the different states). Also, they are intended to help the participating states (as well perhaps as others) define, establish and implement investment priorities.

¹ Plus financial criteria whereby participating states should indicate: (a) their commitment and capacity to assume Credit obligations, pursuant to the provisions of organic laws (*Normatividad*); and (b) their commitment to provide, in a timely manner and as needed, the funds, facilities, services and other resources required for the Subproject, including the counterpart funds required to ensure the timely implementation of the Judicial Modernization Plan.

Application of technical criteria (working guidelines) to eleven state modernization plans.

The table at the end of the Annex compares the state judicial modernization plans of Aguascalientes, Baja California, Chihuahua, Colima, Estado de México, Nayarit, Guanajuato, Oaxaca, Puebla, Quintana Roo, and Sonora against the four technical criteria described above. Some subjects of special interest for individual states are shown in the right hand column.

The primary analysis shows the following:

Integral Perspective: Generally plans include an overall diagnosis of institutional problems, reviews of administrative and judicial structures, of the supply and demand for judicial services, as well as an evaluation of organizational strengths/weaknesses, opportunities and issues. These were based on analyses of policies, institutional relationships, users, organization and structural matters, human resources, and functioning, at state and federal levels.

A comparison of the issues and problems confronting the participating local judiciaries with the envisaged results of the modernization plans showed that: the problems identified are generally targeted for specific change and improvement activities, under a global strategy and comprehensive action plans; the modernization plans clearly state the vision and mission, general and specific objectives, strategies and activities; and the objectives are typically oriented towards increasing productivity, improving and facilitating access to justice, improving inter-institutional relations, and developing human resources. The Puebla and Guanajuato Plans, in particular, specified improving the independence of judges, while the Quintana Roo Plan focuses on strengthening public confidence.

As regards the modernization plan components (building blocks), notable targeting was placed on institutional strengthening, culture and knowledge, efficiency and efficacy, and access to justice. Emphasis in strategies were given to institutional capacity building, ADR mechanisms, human competency and development, and strengthening administrative management. The Guanajuato Plan alone referred to strengthening judicial ethics. The Oaxaca, Quintana Roo, and Sonora Modernization plans also underscored actions oriented towards transparency. Oaxaca's plan proposes the creation of institutional control and supervision mechanisms as well as the evaluation of civil society's perceptions of the judicial function.

The plans illustrate the unique context of each state judiciary. There were, for example, several approaches proposed for the goal of improving the social condition of women, the incorporation of a gender perspective in the courts' norms for their decisions, reforms to guarantee equitable, non-discriminatory access to justice for women's needs.

The plans set forth the establishment of ADR programs to provide alternatives to the formal administration of justice. Given Mexico's multicultural diversity, it would be appropriate for each state to establish norms for such "informal" dispute resolution systems which reflect their populations. Already, there are several states' laws which confer legitimacy on existing practices of internal justice among indigenous communities, based on ancestral traditions.

Promotion of a culture of service: All plans focus on strengthening the judiciary's relationship with society, improving access to and the quality of services, but the mode and mechanisms vary. The Oaxaca Plan, for example, includes a strategy for institutional strengthening to better serve the indigenous population. An emphasis on access and quality are included in Guanajuato's plan. Alternatively, the plans of Colima and Sonora address the quality of services through measures

regarding judicial staff upgrading by strengthening the judicial career, the creation of an incentive and merit recognition system, and training programs. Plans from the Quintana Roo, Puebla, and State of Mexico judiciaries are oriented towards improving services and user satisfaction. Chihuahua's Plan focuses on strengthening relations, in particular with the executive branch.

Mobilization for plan implementation and Costs: Typically, the plans propose a three-staged approach: (a) preparation or creation of the proper institutional environment (including inter-branch consultation to secure financial resources); (b) the development of activities (including piloting) for organizational and technological change; and (c) sustaining the modernization/reform activities. For example, the Oaxaca Plan proposes three stages over 6 years, while the Colima Plan contemplates three time periods of 3 years. The time horizon and resource constraints differ due to the different level of complexity of activities, size of the judiciary, prioritization, sequence, election cycle of state institutions, etc.

Plan costs range between about US\$3 million and US\$26 million. Many states have detailed cost breakdown and funding scenarios. There was no cost estimate in the Chihuahua state Plan. The Estado de Mexico Plan required several working sessions given the size of the state and other complexities. Most of the plans have defined intermediate and final results to be achieved, management indicators, and time of execution. But most of the indicators are input indicators except for Estado de Mexico, Oaxaca and Colima, which have a good mix of quantitative and qualitative indicators to measure impact.

Legislative Framework (viability): The plans of Colima, Oaxaca, Aguascalientes, Mexico State, Chihuahua proposed studies and some activities related to legislative reforms in order to accomplish the defined strategies and objectives. Meanwhile, the Puebla judiciary has recently approved legislative reforms, and therefore proposes activities that would implement the new organic law of the judiciary. Similarly, Guanajuato and Colima have a new law on ADR, as does Quintana Roo on indigenous justice and ADR.

Overall Comments on Mapping.

All plans have been developed through stakeholder consultations. The above indicates that the participatory process of consultation and plan development has good strategic elements and may serve as the useful basis during implementation of the Project in a few participating states. It also indicates that the building block working guidelines adopted in the reflection and strategic planning process (supported by the Bank during project preparation in collaboration with NCSC, SHCP and BANOBRAS) may serve as useful examples moving forward. It should generally help states conduct their own planning and modernization initiatives. It also indicates their serviceability for BANOBRAS to make decisions on funding of the individual modernization plan proposals (subprojects).

The participatory approach and its elements (consultation workshops, data analysis sessions, technical working guidelines, periodic learning and knowledge sharing) appear to be flexible to meet a wide variety of judicial and social contexts, help check strategic alignment of plan elements, and permit analysis during the semi-annual monitoring and evaluation of the Project and subprojects and their activities.

It should be noted that these working guidelines or criteria are not intended for rigid, uniform application. Instead, they are couched, and would be implemented in line with the Project's "learning by doing" policy. This flexibility should assist BANOBRAS to progressively refine its norms and practices in this new area of lending operations.

Primary Mapping of Modernization Plans

	Guideline No.1: Integral Institutional Perspective	Guideline No. 2: Promotion of a culture of service	Guideline No. 3: Efficient distribution and management of resources for plan implementation	Guideline No. 4: Viability prior to constitutional or legislative reform	Comments: Special Topic of Interest
Oaxaca	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Improve institutional policy; - Improve inter-institutional relations, at local and federal level; - Develop human resources; - Modernize judicial management; - Strengthen administrative management. 	<p>For inter-institutional relations improvement, at federal and local level, new mechanisms are proposed between the Federal and State Judiciary, between the Judiciary and the Executive and Legislative Branches of the state and between the Judiciary and civil society organizations, such as unions, communication channels, NGOs, etc.</p> <p>For institutional policy improvement, changes in user perceptions on judicial administration are proposed, for citizen education in respect to judicial services, especially targeting the indigenous populations.</p>	<p>For the implementation of the modernization plan, the following three stages are proposed:</p> <p>Preparation of system changes, specialized studies, and establishment of institutional frame (24 months);</p> <p>Development of reforms and changes: instrument approved organizational models, develop automated management systems, purchase equipment (36 months);</p> <p>Sustainability of changes, in relation to reforms implemented under the previous stages (12 months). The total cost of the plan is about US\$4.9 million.</p>	<p>The strategy to improve institutional policy is expected to facilitate the decision making process of judicial institutions, with respect to their structure and organization. This will result in organizational, judicial, and financial changes and will facilitate citizens' access to justice, which further requires revision of the judicial framework and elaboration of other reform proposals. Nevertheless, this strategy requires the concerted action on different levels: reform of the state judicial organization, design of special mechanisms for the citizens and for the most disadvantaged segments of the society, in particular, etc.</p>	<p>Gender Indigenous Justice ADR mechanisms</p>

Colima	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> -Strengthen judicial institutions and alternative dispute resolution (ADR) mechanisms; -Develop human resources; -Simplify administrative proceedings; -Sensitize public opinion and civil society. 	<p>For human resource development, create a development frame, introduce a performance and promotion control system, and administrative and judicial staff incentives, and implement a continuous training system to elevate the quality level in users' attention.</p>	<p>The first stage of the judicial modernization process in Colima, (for the time period of 6 months): initial assessment, support for legislative reforms, impulse for ADR, and process automation. The second stage (for the time period of 24 months): increasing the quality of judicial work, develop the judicial information system, and continue previous activities. The third stage (for the time period of 6 months): training activities, while continuing previous activities.</p> <p>The total cost of the modernization plan is about US\$3.5 Million</p>	<p>The strategy is to strengthen judicial institutions and ADR mechanisms, establish a viable organizational model for solving disputes, inside and outside the formal justice system, achieve transparency and efficiency of the system and diversification of the mechanisms to increase access to justice.</p> <p>Even though for some of the activities legal reforms could be necessary, the results of this strategy will create the incentives for developing these reform proposals.</p>	Gender ADR
Guanajuato	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Improve access to justice, quality of judicial services, and guarantee judicial services; - Strengthen judicial ethics through awareness of all judicial staff; - Strengthen judicial independence and autonomy; - Integrate the system of justice in the Judiciary Branch. 	<p>Through improving access to justice and staff awareness, basically, the quality of the process of judicial administration is expected to improved.</p>	<p>The plan implementation stages are the following:</p> <p>Presentation of prioritized activities (12 months);</p> <p>Rehabilitation, construction, and training activities (36 months).</p> <p>The total cost of the project is about US\$ 11 Million</p>	<p>Under this strategy, consolidating the independence and autonomy of the judiciary requires an analysis of the legal, technical, material, and financial alternatives and the minimum budgetary needs.</p> <p>Nevertheless, future legal and constitutional reform proposals are necessary.</p>	Legal representation ADR Indigenous justice

<p>Sonora</p>	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Institutional capacity building through judicial and administrative proceedings improvement; - Professionalization of human resources through development of judicial career and training activities; - Automation and systematization of judicial management through IT and communication tools; - Extension of the area where judicial services are provided and better projection of the Judiciary in relation to citizens. 	<p>The strategy oriented towards professionalization of human resources through judicial career development and training activities is expected to improve the quality of services provided by the judicial staff. The proposed activities are expected to design and instrument achievements in newly developed judicial areas.</p>	<p>The stages of modernization plan implemented are especially those activities which are fundamental for initiating the modernization process. On medium and long term, those activities which take a longer period of time for implementation will be executed, over expected 4 years. The total cost of the plan is about US\$ 8.2 Million</p>	<p>In relation to institutional capacity building through administrative and judicial proceedings improvement and especially in relation to legislative reforms and sensitization of the main stakeholders, legislative reform proposals are developed in such areas as: free access to justice, right to information on judicial administration, orality of the process, social participation in strategy planning, etc.</p>	<p>ADR centers</p>
<p>Puebla</p>	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Guarantee independence of judges; - Decentralize jurisdictionally the judicial institutions; - Improve efficiency and efficacy of judicial institutions; - Create and strengthen the administrative office with responsibilities related to administration, supervision, discipline, selection, and judicial career. 	<p>Under the strategy to decentralize judicial institutions, improve access to justice, and consolidate users confidence in the judiciary, it is important to conduct activities oriented towards bringing the judiciary closer to the users and providing more and better justice services.</p>	<p>The plan implementation stages are: First stage - planning, defining, and creating the environment for implementation of the next stages (first year); Second stage - activities oriented towards development and implementation of organizational, technological and process proposals (the second and third year); Third stage - activities oriented towards achieving sustainability of the modernization process in the following years (the fourth and fifth year). The total cost of the project is about US\$ 6.8 Million</p>	<p>The strategy to decentralize judicial institutions and create and strengthen the administrative office responsible for administration, supervision, discipline and judicial career related activities – responds to the new legislative frame of the Puebla Judiciary, and its organic law, in particular.</p>	<p>Indigenous Justice ADR mechanisms</p>

Quintana Roo	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Adapt the jurisdictional structure for application and due interpretation of the effective legal frame; - Strengthen coordination and inter-institutional communication mechanisms to support judicial autonomy and independence; - Strengthen the Judicial Council to exercise administration, supervision, discipline and judicial career related attributions; - Choose the instruments, which allow the development of judicial and administrative career; - Rebuild judicial credibility and users confidence in the institution of the judiciary. 	<p>Under the strategy, regaining the credibility of the judiciary and users confidence in the judicial system will allow sensitize citizens in relation to the process of justice administration, as well as create an environment, which fosters knowledge sharing and collaboration between other organizations and institutions.</p>	<p>The plan implementation has three stages over a period of time of 4 years. The plan will first establish sequence criteria and succession of activities and create (in the first year) the environment for organizational and technological reforms to be implemented and training and IT related activities to be performed (in the following stages). The total cost of the plan is about US\$ 6.2 Million</p>	<p>The strategy to adapt the judicial structure for the application and due interpretation of the effective legal frame is reflected in such objectives as: adaptation of the judicial organization in accordance with the principle of offer and demand of services; and systematization and automation of the judicial process and promotion of ADR mechanisms, which does not necessitate legislative reforms.</p>	Alternative Justice Indigenous Justice
Estado de México	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> -Strengthening professionalization and further education of human resources and users -Infrastructure improvement of the judiciary -Improvement and dissemination of judicial services for users' satisfaction -Integrative strengthening of administrative management 	<p>Under the strategy, improving judicial services for users' satisfaction is expected to achieve complete fulfillment of a prompt and expedite justice administration; confidence and complete satisfaction of users, based on high quality services; substantial improvement of justice administration related activities and services, based on principles of transparency, efficiency, impartiality, independence and autonomy.</p>	<p>The plan implementation has three stages over a period of time of 5 years. The total cost of the plan is about US\$ 26.3 Million</p>	<p>The strategy for legal frame modernization and actualization is defined through the following: it is a permanent process of revision and evaluation, which allows the judiciary to contribute to the modernization and actualization of the legislative frame; it elaborates internal regulations, with clear policies, which regulate, orient, and lead the judiciary's activity; it initiates a strong process oriented to strengthening ADR mechanisms (negotiation, mediation, conciliation, and arbitration).</p>	

Aguascalientes	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> -Strengthening general functions of the judiciary -Improvement of management capacity of the administration -Building of social confidence and trust 	<p>Equally important for capacity building of the judiciary is improving quality of justice administration, increasing access to justice, and strengthening management capacity of other branches and institutions.</p>	<p>The implementation of the Plan has three stages: diagnosis (6 months), implementation initiation (12 months), and consolidation (18 months). The total cost is about US\$ 10,154,490 .</p>	<p>Under the strategy of judicial capacity building, the specific goal of quality improvement of justice administration requires revision and actualization of legislative frame, through reform studies and proposals, specifically in respect to such issues as: unification of judicial proceedings and criteria, design of quality indicators, implementation of a results evaluation system, etc.</p>	<p>Activities for crime prevention and a culture of legality</p>
Chihuahua	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> - Strengthening the judicial institutions; - Consolidating the inter-institutional relation at state level; - Actualization of judicial management; - Development of human resource; - Strengthening administrative management; - Sensitize the judiciary and the users. 	<p>Consolidate inter-institutional relations at state level: the relation with the Executive, in respect to budget matters; actualization of judicial management through revision of judicial structures, efficiency and quality of the judicial process.</p>	<p>The implementation plan has two stages. The first one (6months): establishing the selection criteria, organizational design, and creating the environment to foster institutional changes. The second one (24 months): implementing system design, organizational manuals, etc. The total cost of the Plan NA.</p>	<p>Under the strategy of institutional strengthening and access to justice improvement, legislative reforms are necessary for proceedings simplification. Under the strategy of judicial management actualization, it is important to promote necessary legal reforms for encouraging less use of paper documents and increase use of digital instruments.</p>	<p>Indigenous justice ADR mechanisms for dispute settlement Transparency and access to judicial information</p>

Baja California	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> -Improvement of the judiciary -Professionalization of human resource of the judicial branch -Rationalizing decision making and formulating judicial policies -Guaranteeing the presence of the judicial branch within the society -Dignifying the judicial branch 	<p>Under the strategy, guaranteeing the presence of the judicial branch within the society, actions related to services of user attention will be established. Those ental programs of judicial consultancy, information, integration of the society and measurement of users' satisfaction. Further other programs will be established that lead to improvement of quality of services and institutional image.</p>	<p>The implementation plan has three stages:</p> <p>The first one (preparation of change) plans the realization of studies, the development of technical assistance concerning models of institutional organization and the design of capacity programs. The second one (development of change) is the continuation of the technical assistance and the beginning of the implementation of the proposals for change. The third one (sustainability of change) plans the continuation of the implementation and the sensibilisation and capacity building of human resources.</p> <p>The total cost is about US\$ 25.4 Million.</p>	<p>Among the specific objectives of the strategy, rationalizing decision making and formulating judicial policies, are strengthening the administration, vigilance, discipline and the judicial career. Those objectives will be reached with the elaboration of reform proposals for the local constitution and the organic law of the judicial branch, especially relating to the judicial council. Nevertheless this is not a condition in order to realize the changes of organization, structure and management of the judicial branch.</p>	Restructuring of courts Peace courts and alternative justice
Nayarit	<p>Establishing the following strategy:</p> <ul style="list-style-type: none"> -Professionalization of human resources -Improve access to justice for the users -Create transparency and accountability mechanisms. -Improve organizational, building and technological infrastructure. 	<p>Among the specific objectives of the strategy, improve access to justice for the users, are increasing offered judicial services, bring the services closer to all social levels, especially to the most vulnerable groups and promoting means of alternative resolution of conflicts. On the one hand answers have to be found to the necessities and expectations of society, especially of the users. On the other hand the reduction of demand as well as reduction in time and cost for the users have to be achieved.</p>	<p>The implementation of the modernization plan will take 4 years.</p> <p>The total cost is about US\$ 7.4 Million.</p>	<p>The plan establishes the elaboration of reform projects for substantive and adjective laws in order to adapt the judicial services to the present social reality and at the same time to speed up the processes with the expectation of finding ways to increase and improve offered services. Further the legal foundation for alternative resolution of conflicts will be defined.</p>	<p>Judicial code of ethics Mediation as alternative justice Indigenous justice Access to justice</p>

Annex 12: Terms of Reference National Commission of State Courts Strengthening

MEXICO: State Judicial Modernization Supporting Access to Justice Project

TITLE OF THE ASSIGNMENT

Strengthening of the National Commission of Superior Courts of Justice, as a key element of the proposed Project to facilitate partnerships and promotion of good practices and strategies.

REQUESTING INSTITUTION

National Commission of Superior Courts of Justice of the United Mexican States, A.C.

OBJECTIVE

Strengthen the structure and operation of the National Commission of State Courts through the establishment of mechanisms that facilitate carrying out effectively the coordination of actions, decision-making, strategic planning, systematization of processes, and the rationalization of their resources. This will result in greater managerial capacity and efficiency and, thus, respond as the national instances in coordinating and promoting the improvement of the institutional management of the local judicial branches. This would also promote donor collaboration and citizen outreach.

RATIONALE

Mexico is seeking to improve its social, economic, and political development through substantive transformations of its public institutions to increase its competitiveness and efficiency, develop its human capital, and increase both the social accountability of its officials and the transparency in their management.

In this regard, judicial institutions, specifically those at the local level, comprise a very important sector of Mexican public institutions and can play an important role in the achievement of overall institutional efficiency, both because of their role in the protection of social rights and because of their traditional lag in reform and modernization projects. To this end, and with Federal participation, the World Bank was asked to provide assistance in laying the foundations to develop institutional capabilities in the modernization of local judicial institutions, based on the development of policies that take advantage of the shared knowledge of all judicial institutions, with the expectation of generating a future modernization and improvement effort.

Knowledge exchange, both with and among states (including contacts with federal institutions), and the promotion of positive experiences through the National Commission of State Courts, will make it possible to emphasize the leadership in the sector and reduce resistance to change.

In this regard, the National Commission of State Courts is the body that must act as the national coordination and promotion unit of the overall judicial modernization process, pursuant to the provisions within its own regulatory framework, which call for its integration and purpose:

1. Compatibility of the objectives of the Commission provided for in Article 4 of the Statute and the objectives of the judicial modernization project. Among the main objectives of the Commission are the following: to consolidate and strengthen the administration of justice in the general jurisdiction based on the principles of independence, authority, self-regulation,

judicial career, legal safety, job stability, and accountability, as established in the Political Constitution of the United Mexican States; to update and modernize the organs, instruments, procedures, and systems of the administration of justice in the general jurisdiction, so that justice is carried out promptly, completely and impartially and with absolute respect for human rights; and to promote the enhancement of laws that affect the administration of justice in the general jurisdiction, facilitating their permanent review for their corresponding adaptation and updating, among others. In consonance with the objectives of the Commission, the fundamental purpose of the Project is to improve the institutional actions of the Tribunals and Courts. This objective will be carried out through a strategy based on active learning on past experiences and by means of strengthening the actions included in large thematic blocks of judicial modernization that will make it possible to proceed without awaiting legal reforms, as well as facilitate dialogue and support, in the long run, about a local and national policy of judicial modernization.

Specifically, the Project intends to: assist in strengthening the development of judicial and institutional policies; achieve efficiency and efficacy of jurisdictional and administrative structures; improve judicial transparency and citizen participation; strengthen the access to justice of the judicial system.

2. Membership in the National Commission of all the Magistrados Presidents of the Superior Courts of Justice to represent each local Judicial Branch; participation is voluntary and only those Tribunals that so desire it participate in the Commission.

3. The structure and operation of the National Commission consists of a President, four Vice Presidents, a Secretary, four Members, a Treasurer, and a Technical Secretary. It also has a Publishing Board and specialized organs as appointed by the Board with the approval of the Assembly. This corresponds with the division of the Mexican Republic in relation to the States and their Tribunals into four areas and each respective area has a Vice-President and one Member. The areas are as follows: the Northern Area, (comprising the States of Baja California, Baja California Sur, Coahuila, Chihuahua, Durango, Nayarit, Sinaloa and Sonora), the lowlands area (comprising the States of Aguascalientes, Colima, Guanajuato, Jalisco, Nuevo León, San Luis Potosí, Tamaulipas and Zacatecas; the central area (comprising the States of Hidalgo, Mexico, Michoacán, Morelos, Puebla, Querétaro, Tlaxcala, and the Federal District) and the southern area (comprising the States of Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz and Yucatán).

4. Knowledge of the reality and current situation of each local judicial branch on the part of the National Commission, as a result of the periodic evaluation of the achievements and the sharing of experiences promoting the performance of the jurisdictional and administrative functions of the same.

The aforementioned objectives make it possible to have the necessary conditions for having the national instance required in the National Commission of State Courts for the promotion of the judicial modernization project to be cofinanced by the World Bank with BANOBRAS, and guaranteed by the United Mexican States.

TECHNICAL ACTIONS

In order for the National Commission of State Courts to function as a technical partner agency (with BANOBRAS and the Bank) of the modernization project of the local judicial branches, three things are required to ensure its coherence and technical consistency: first, the development of national strategic guidelines; second, the optimization and rationalization of

resources through the sharing of experiences and the application of economies of scale criteria; and third, the institutional convergence with state and Federal government agencies and society in general.

I. Strengthening the development of strategic guidelines and national coordination actions, through the following:

- Carry out qualitative and quantitative studies on various fundamental subjects to improve the administration of justice, such as: the legal framework and the role of judges; the position of judges in society and the perception of the administration of justice system in the community; access to justice for vulnerable social groups; the cost of justice in the country; the impact of judicial decisions on society; access to information; current operation of jurisdictional processes; integrity of the judicial systems; judicial training; alternative conflict resolution; the addition of technology and the physical adaptation of the tribunals and courts; budgetary autonomy and alternate financing means; development of human capital and salary updating; judicial federalism; and harmony of competencies, among others.
- Design and implement a monitoring and evaluation system of innovations and functional and operational transformations of the modernization processes in the local judicial branches.
- Design and implement a database of: public and private legal research institutions; experts, specialists, and national and international advisers on reform and judicial modernization issues; and national and international consultant firms specializing in institution building, and implement integrated administrative and jurisdictional management information systems.
- Promote semi-annual meetings to share information on the progress and validation of improvement proposals of judicial management with judicial officials from all the local judicial branches.
- Design and implement an administrative and logistical support system for the operation of the National Commission of State Courts
- Provide computer and communication equipment to the National Commission of State Courts
- Provide office materials, equipment, and furniture.

II. Improvement of knowledge exchange activities (*Good Practices*) and national and international experiences, through the following actions:

- Systematize and publish the best practices of each local judicial branch.
- Provide technical assistance to the local judicial branches on the preparation of the Judicial Modernization Plans with the participation of groups of advisers.
- Design and implement an inter and intra-state exchange program through the establishment of interactive information channels such as the World Bank program known as Global Distance Learning Network and its partner the “Development Gateway Foundation”.
- Design and implement a distance education program of basic courses for the training of judicial staff with the participation of groups of advisers.

- Promote technical meetings (workshops and seminars) with specialist staff on subjects related to judicial modernization and with the participation of national and international groups of advisers and experts.
- Coordinate actions to work on common issues related to local judicial branches at the corporate level, such as strategic planning, alternative means of conflict resolution, code of ethics, etc., to maximize economic and resource efficiency in their modernization plans.
- Promote technical missions to observe experiences in local judicial branches and in judicial branches in other countries.
- Promote the participation of judicial officials from the different local judicial branches in national and international events related to reform and judicial modernization issues.

III. Establishment of convergence mechanisms with other State and federal government agencies, as well as with society in general, through the following actions:

- Design and implement a mass communication program via various media, including community actions (Outreach Programs) with other actors related to the local judicial branches to disseminate the progress made in judicial modernization at the national level and thus motivate and encourage local and national leaders, using agreements and competencies programs with the participation of the group of advisers.
- Design and implement a coordination and cooperation program with social organizations, users, and other public and private institutions in the organization of working and consultation meetings, with a view to evaluating and validating common strategies of the judicial branches, the solutions designed, the results obtained, and the impact of the implementation.

PROPOSAL FOR FINANCIAL CAPACITY BUILDING

The design of a financial mechanism that facilitates the transfer of federal funds (subsidy) directly to the National Commission of State Courts, so that it carries out this strengthening program with the necessary evaluation stages on project administration, expenditures, and programming of the resources.

One such mechanism could be the creation of a public trust fund, where the federal institution would act as trustee as provided for in the Federal Law of Government Institutions, and the fiscal agent designated as the trust fund institution for overseeing the application of the resources in the programs of the National Commission of State Courts, in accordance with applicable legislation, and with the accounting audit mechanisms required for transparency and correct administration of funds consistent with established standards.

Annex 13: External Advisory Group

MEXICO: State Judicial Modernization Supporting Access to Justice Project

External Advisory Group Meeting

The first External Advisory Group meeting took place in Mexico City on June 5, 2003. The meeting was organized by Task Team Leader so that an external evaluating team could provide guidance and validation of the Project with the participation of Bank representatives.

The following members and guest observers were present:

Group Members

Group members were invited on the basis of their expertise in the area and their familiarity with the country's different regions. It is worth noting that experts were invited on a personal basis and not as representatives of their institutions. Nevertheless, it is expected that the group will continue to grow with the inclusion of experts from different disciplines and regions of the country and elsewhere.

The meeting took place at the Bank's Mexico Office with the following participants:

Ana María Alvarado	Instituto Tecnológico de Estudios Superiores Monterrey, Monterrey
Cecilia Azar	Proyecto de Mediación de la American Bar Association
José Antonio Caballero	Instituto de Investigaciones Jurídicas, UNAM
José Luis Caballero	Universidad Iberoamericana, Santa Fé
Hugo A. Concha	Instituto de Investigaciones Jurídicas, UNAM
Angélica Cuéllar	Facultad de Ciencias Políticas y Sociales, UNAM
Héctor Fix Fierro	Instituto de Investigaciones Jurídicas, UNAM
Alfonso Frago	Universidad Iberoamericana, León
Omar Guerrero	Facultad de Ciencias Políticas y Sociales, UNAM
Ana Laura Magaloni	Centro de Investigación y Docencia Económica
José Ovalle	Instituto de Investigaciones Jurídicas, UNAM
Miguel Olguín	Asesor del Tribunal Superior de Justicia de Tabasco
Luis Pásara	Centro de Investigación y Docencia Económica
Miguel Sarre	Instituto Tecnológico Autónomo de México
Guillermo Zepeda	Centro de Investigaciones para el Desarrollo, A.C.

Objective

The purpose of the meeting was to present the Project to the External Advisory Group members and ask for their input and cooperation. The Group was asked to contribute to assessing the Project's methodology and objectives. Members' expertise was also sought to provide useful input for improving the projects' scope and to begin the process of 'learning by doing' in the external context. Knowledge sharing was also a key objective of the meeting.

Methodology for the meeting

In order to accomplish the meeting objectives, a participatory methodology was employed throughout. The general discussion was guided by a PowerPoint presentation. The method included specific presentations by facilitators as well as individual and group working sessions. During the meeting, participants received material containing explanations of the Project as well forms for providing their input when required.

The meeting began with a brief introduction by Fernando Rojas (LCSPS). He explained the scope of the Project and asked for the Advisory Board members' participation in reviewing the project's viability. He also stressed the importance of building better communication channels between judiciaries, as well as for information generated by academic sources. The group was informed that periodic meetings would be held to assess the Project's development, and that group members could be invited to participate in specific project tasks.

Following the introduction, Messrs. José Antonio Caballero and Hugo Concha explained the Project's framework and methodology. This session combined a presentation of the Project with a series of exercises to obtain the Board members' perspectives on state judiciaries as well as to test the Project's validity. Participants provided oral feedback on the Project, and in some instances were asked to format their responses in writing and to discuss specific topics related to the Project in small groups.

The meeting concluded with closing remarks by TTL. These remarks covered various aspects of the Project, and stressed the importance of the Group's input for the Project development and implementation. Additional materials on the meeting can be consulted in Project files.

Outcomes

The meeting generated a number of important results. The Group expressed general satisfaction with the Project's methodology, and no specific recommendations were made in that regard. However, group members were particularly active in providing ideas to help identify and troubleshoot potential problems, and in defining analytical perspectives to improve the Project's framework. The sector problems identified by the Group included the following:

- The Group generated ideas for developing judicial policies to determine the supply of legal services. Some members stressed the limitations of using demand as the sole indicator for determining the supply of legal services, and suggested ways of linking supply to other indicators.
- A number of approaches were suggested for addressing budget problems. On the one hand, discussion focused on the importance of creating a budget proposal for state congresses as well as justifying budget needs. On the other hand, participants identified internal problems in administering and controlling the budget.
- There was a general discussion regarding criminal procedures and the criminal system in general. Group members identified legal, institutional and operational problems.
- The public image of judges and the judiciary was deemed critical to the process of strengthening the judiciary.
- Judicial independence was considered from an internal perspective. In this regard members stressed the relevance of building stronger institutional tools for safeguarding the independence of judges.
- Members expressed concern about the potential obstacle of overcoming entrenched habits and behaviors inside the judiciaries, as well as the difficulty of managing change.

Group members also discussed and made suggestions in regard to the proposed indicators for the judicial modernization 'building blocks' or thematic components. Finally, Group members expressed their interest in participating in future advisory group meetings and in assisting in advancing the Project, once all the arrangements have been finalized with BANOBRAS, Comisión Nacional de Tribunales Superiores de Justicia and other concerned agencies. Next meeting of the External Advisory Group would be planned as part of the first semi-annual monitoring and evaluation review of the Project.

Annex 14: Organizational Chart of BANOBRAS²

MEXICO: State Judicial Modernization Supporting Access to Justice Project



² In January 2004, BANOBRAS has an overall staff of about 1000 and has moved recently to its new offices in Santa Fe Mexico City.

Annex 15: Statement of Loans and Credits

MEXICO: State Judicial Modernization Project Supporting Access to Justice

29-Apr-2004

Project ID	FY	Purpose	Original Amount in US\$ Millions					Difference between expected and actual disbursements ^a	
			IBRD	IDA	GEF	Cancel.	Undisb.	Orig	Frm Rev'd
P068290	2004	MX E-Business for Small Bus. Devpt. Pr.	58.40	0.00	0.00	0.00	58.40	3.90	0.00
P035752	2004	MX Irrigation & Drainage Modernization	303.03	0.00	0.00	0.00	303.03	0.00	0.00
P035751	2004	MX Community Forestry II (PROCYMAF II)	21.30	0.00	0.00	0.00	21.30	0.00	0.00
P059161	2003	GEF MX-Climate Measures in Transport	0.00	0.00	5.80	0.00	5.44	2.66	0.00
P060686	2003	MX Municipal Dev in Rural Areas	400.00	0.00	0.00	0.00	396.00	176.00	0.00
P070108	2003	MX Savings & Credit Sector Strengthening	64.60	0.00	0.00	0.00	37.00	-0.20	0.00
P074655	2003	MX Rural Finance Develop Struct Adj Loan	505.06	0.00	0.00	0.00	300.01	0.01	0.00
P065988	2002	GEF MX Consolidat.Prot Areas (SINAP II)	0.00	0.00	16.10	0.00	6.88	11.19	0.00
P077602	2002	MX Tax Admin Institutional Development	52.00	0.00	0.00	0.00	51.31	20.35	0.00
P060577	2002	MX Southeast Reg'l Development LIL	5.00	0.00	0.00	0.00	4.28	2.23	0.00
P057531	2002	MX Basic Ed. APL II	300.00	0.00	0.00	0.00	72.73	-22.27	0.00
P066321	2001	MX: III BASIC HEALTH CARE PROJECT	350.00	0.00	0.00	0.00	321.17	49.77	0.00
P065779	2001	MX FEDERAL HIGHWAY MAINTENANCE PROJ.	218.00	0.00	0.00	0.00	60.52	45.52	0.00
P064887	2001	MX DISASTER MANAGEMENT (ERL)	404.05	0.00	0.00	200.00	181.27	232.22	0.00
P063463	2001	METHANE CAPTURE & USE AT A LANDFILL	0.00	0.00	6.27	0.00	0.92	5.56	4.77
P060908	2001	GEF MX-MESO AMERICAN CORRIDOR	0.00	0.00	14.84	0.00	15.21	6.92	0.00
P066674	2001	GEF MX-Indigenous&Community Biodiversity	0.00	0.00	7.50	0.00	6.12	5.03	0.00
P066938	2000	MX GENDER (LIL)	3.07	0.00	0.00	0.00	2.02	2.02	1.84
P060718	2000	GEF MX ALTERNATIVE ENERGY	0.00	0.00	8.90	0.00	4.77	8.90	0.00
P007610	1999	MX FOVI RESTRUCTURING	505.50	0.00	0.00	0.00	182.40	182.40	0.00
P044531	1998	MX KNOWLEDGE & INNOV.	300.00	0.00	0.00	0.00	105.23	105.23	-11.67
P049895	1998	MX HIGHER ED. FINANCING	180.20	0.00	0.00	0.00	72.78	69.08	0.00
P007713	1996	MX WATER RESOURCES MANA	186.50	0.00	0.00	54.00	32.07	86.07	11.06
Total:			3856.71	0.00	59.41	254.00	2240.84	992.58	5.99

MEXICO
STATEMENT OF IFC's
Held and Disbursed Portfolio
Mar - 2004
In Millions US Dollars

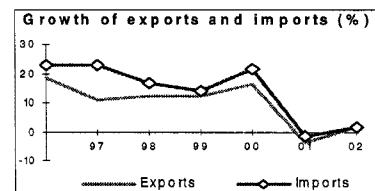
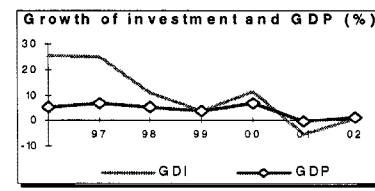
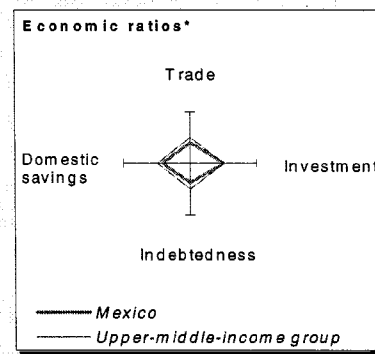
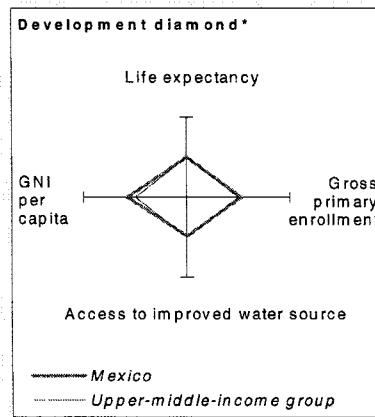
FY Approval	Company	Committed				Disbursed			
		IFC		Quasi	Partic	IFC		Quasi	Partic
		Loan	Equity			Loan	Equity		
1998	CIMA Mexico	0.00	4.80	0.00	0.00	0.00	4.80	0.00	0.00
1998	CIMA Puebla	6.75	0.00	0.00	0.00	3.25	0.00	0.00	0.00
1994/01	CTAPV	0.40	0.00	0.00	0.00	0.40	0.00	0.00	0.00
1997	Chiapas-Propalma	0.00	1.00	0.00	0.00	0.00	0.89	0.00	0.00
2001	Comercializadora	1.53	0.00	1.09	1.88	1.53	0.00	1.09	1.88
2003	Compartamos	1.00	0.66	0.00	0.00	1.00	0.66	0.00	0.00
2002	Copamex	50.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00
1999	Coppel	30.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00
2001	Corsa	7.43	3.00	0.00	0.00	7.43	3.00	0.00	0.00
2000	Ecomex	4.75	0.00	1.50	0.00	2.75	0.00	1.50	0.00
1997	Educacion	6.50	0.00	0.00	0.00	4.90	0.00	0.00	0.00
1998	Fondo Chiapas	0.00	3.35	0.00	0.00	0.00	0.11	0.00	0.00
2001	Forja Monterrey	8.36	3.00	0.00	8.36	8.36	3.00	0.00	8.36
1996	GFNorte	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996/00	GIBSA	10.82	0.00	0.00	36.38	10.82	0.00	0.00	36.38
1998/04	GIRSA	35.36	0.00	0.00	47.14	35.36	0.00	0.00	47.14
1989	Grupo Calidra	22.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	Grupo FEMSA	0.00	2.85	0.00	0.00	0.00	2.85	0.00	0.00
1996/99	Grupo Minsa	12.60	0.00	0.00	17.97	12.60	0.00	0.00	17.97
1998	Grupo Posadas	22.37	0.00	10.00	0.00	22.37	0.00	10.00	0.00
2000	Grupo Sanfandila	5.69	0.00	0.00	2.20	5.69	0.00	0.00	2.20
2000	Hospital ABC	30.00	0.00	0.00	14.00	10.29	0.00	0.00	7.21
2000	ITR	11.00	0.00	0.00	3.00	11.00	0.00	0.00	3.00
2003	Innopack	0.00	15.00	0.00	0.00	0.00	15.00	0.00	0.00
1998	Interoyal	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00
2003	Lomas de Real	52.70	0.00	20.00	83.46	1.41	0.00	0.00	0.00
1995/99	Merida III	27.08	0.00	0.00	61.75	27.08	0.00	0.00	61.75
1996/99/00/01	Mexmal	0.00	0.00	10.00	0.00	0.00	0.00	10.00	0.00
2003	Mexplus Puertos	0.00	1.41	0.00	0.00	0.00	1.41	0.00	0.00
2003	NEMAK	0.00	0.00	1.51	0.00	0.00	0.00	1.51	0.00
2000	Occidental Mex	30.00	0.00	0.00	40.00	30.00	0.00	0.00	40.00
2001	Occihol	0.00	9.99	0.00	0.00	0.00	9.99	0.00	0.00
2002	POLOMEX S.A.	8.00	0.00	0.00	0.00	8.00	0.00	0.00	0.00
2002	Pan American	0.00	6.39	0.00	0.00	0.00	6.39	0.00	0.00
2000	Plata	9.50	0.00	0.00	0.00	9.50	0.00	0.00	0.00
2004	Puertas Finas	12.19	0.00	0.00	0.00	12.19	0.00	0.00	0.00
2000	Qualita	0.00	2.50	3.50	0.00	0.00	2.50	3.50	0.00
2000	Rio Bravo	47.12	0.00	0.00	54.11	47.12	0.00	0.00	54.11
2001	SSA Mexico	45.00	0.00	0.00	0.00	45.00	0.00	0.00	0.00
1997	Saltillo S.A.	33.16	0.00	0.00	39.12	33.16	0.00	0.00	39.12
2003	Servicios	8.25	1.90	0.00	7.50	8.25	1.90	0.00	7.50
	Su Casita	0.00	10.62	1.62	0.00	0.00	10.62	1.62	0.00
	TMA	1.78	0.00	2.82	6.22	1.78	0.00	2.82	6.22
	TMWC	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Portfolio:	697.45	93.66	97.04	535.81	443.76	84.78	32.04	361.64

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic
2004	Calidra II	0.00	0.00	0.00	11.00
1998	Cima Hermosillo	7.00	0.00	0.00	0.00
2003	Copamex	7.00	0.00	0.00	60.00
2001	Ecomex	3.50	0.00	0.00	0.00
2000	Educacion	3.20	0.00	0.00	0.00
2001	GFNorte-CL	50.00	0.00	0.00	100.00
2004	IAMSA	37.00	0.00	0.00	0.00
2003	Mexmal	0.00	5.00	0.00	0.00
2003	Polomex	2.00	0.00	0.00	0.00
2004	Su Casita CLF	16.47	0.00	0.00	0.00
2003	Tizayuca	25.00	10.00	0.00	30.00
	Total Pending Commitment:	151.17	15.00	0.00	201.00

Annex 16: Country at a Glance

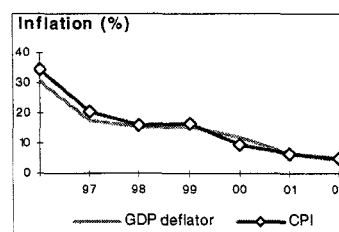
MEXICO: State Judicial Modernization Supporting Access to Justice Project

POVERTY and SOCIAL	Latin America & Carib. Upper-middle-income				
	Mexico	Latin America & Carib.	Upper-middle-income		
2002					
Population, mid-year (millions)	100.9	527	331		
GNI per capita (Atlas method, US\$)	5,920	3,280	5,040		
GNI (Atlas method, US\$ billions)	597.0	1,727	1,668		
Average annual growth, 1996-02					
Population (%)	1.4	1.5	1.2		
Labor force (%)	2.4	2.2	1.8		
Most recent estimate (latest year available, 1996-02)					
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	75	76	75		
Life expectancy at birth (years)	74	71	73		
Infant mortality (per 1,000 live births)	25	27	19		
Child malnutrition (% of children under 5)	8	9	..		
Access to an improved water source (% of population)	88	86	90		
Illiteracy (% of population age 15+)	8	11	7		
Gross primary enrollment (% of school-age population)	113	130	105		
Male	114	131	106		
Female	113	128	105		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1982	1992	2001	2002	
GDP (US\$ billions)	173.7	363.6	623.9	637.2	
Gross domestic investment/GDP	22.9	23.3	20.9	20.3	
Exports of goods and services/GDP	15.3	15.2	27.4	27.2	
Gross domestic savings/GDP	27.9	18.3	18.6	18.3	
Gross national savings/GDP	21.5	16.6	17.9	18.0	
Current account balance/GDP	-3.4	-6.7	-2.9	-2.2	
Interest payments/GDP	4.5	1.6	1.9	1.7	
Total debt/GDP	49.6	30.9	25.4	24.2	
Total debt service/exports	52.3	33.8	26.3	18.8	
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..
	1982-92	1992-02	2001	2002	2002-06
<i>(average annual growth)</i>					
GDP	1.9	3.2	-0.3	0.9	3.8
GDP per capita	-0.1	1.6	-1.8	-0.6	2.1
STRUCTURE of the ECONOMY					
	1982	1992	2001	2002	
<i>(% of GDP)</i>					
Agriculture	8.1	6.7	4.1	4.0	
Industry	33.4	28.1	27.1	26.6	
Manufacturing	21.7	20.2	19.6	18.9	
Services	58.4	65.2	68.7	69.4	
Private consumption	61.6	71.8	69.6	70.0	
General government consumption	10.5	9.9	11.8	11.8	
Imports of goods and services	10.3	20.3	29.7	29.2	
	1982-92	1992-02	2001	2002	
<i>(average annual growth)</i>					
Agriculture	0.7	1.7	3.3	-0.4	
Industry	2.5	3.7	-3.5	0.0	
Manufacturing	3.0	4.3	-3.7	-0.6	
Services	2.0	3.1	0.7	1.4	
Private consumption	2.7	2.9	2.7	1.2	
General government consumption	2.1	1.5	-1.2	-1.3	
Gross domestic investment	2.5	4.7	-5.2	0.5	
Imports of goods and services	11.2	11.8	-1.5	1.6	



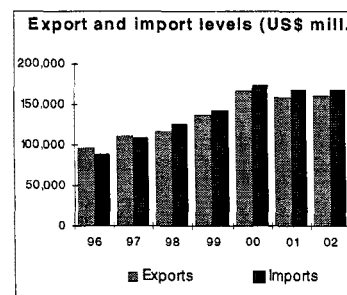
PRICES and GOVERNMENT FINANCE

	1982	1992	2001	2002
Domestic prices				
(% change)				
Consumer prices	58.9	15.5	6.4	5.0
Implicit GDP deflator	60.9	14.4	6.5	4.6
Government finance				
(% of GDP, includes current grants)				
Current revenue	27.4	23.7	21.8	22.6
Current budget balance	-6.0	5.0	1.9	0.2
Overall surplus/deficit	-14.1	1.4	-0.7	-1.2



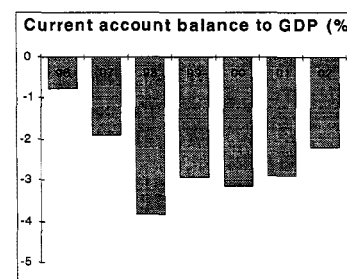
TRADE

	1982	1992	2001	2002
(US\$ millions)				
Total exports (fob)	24,055	46,196	158,443	160,813
Oil	16,477	8,307	12,799	14,475
Agriculture	1,233	2,112	3,903	3,998
Manufactures	5,843	35,420	141,353	141,951
Total imports (cif)	17,011	62,129	168,396	168,949
Consumer goods	1,517	7,744	19,752	21,178
Intermediate goods	10,991	42,830	126,149	126,778
Capital goods	4,502	11,556	22,496	20,992
Export price index (1995=100)	127	91	103	106
Import price index (1995=100)	74	91	103	104
Terms of trade (1995=100)	171	100	101	102



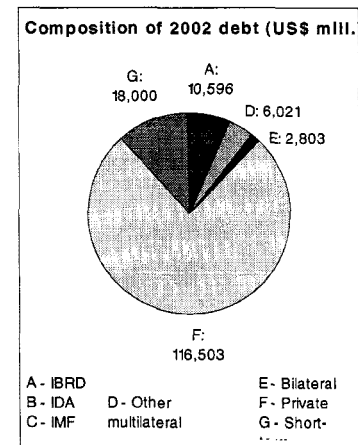
BALANCE of PAYMENTS

	1982	1992	2001	2002
(US\$ millions)				
Exports of goods and services	28,169	55,387	171,103	173,374
Imports of goods and services	22,841	73,617	184,614	185,419
Resource balance	5,328	-18,230	-13,511	-12,045
Net income	-12,261	-9,595	-13,835	-12,282
Net current transfers	1,043	3,386	9,338	10,268
Current account balance	-5,890	-24,438	-18,008	-14,058
Financing items (net)	2,316	26,184	25,347	19,851
Changes in net reserves	3,574	-1,745	-7,339	-5,793
Memo:				
Reserves including gold (US\$ millions)	914	18,975	44,814	50,607
Conversion rate (DEC, local/US\$)	5.64E-2	3.1	9.3	9.7



EXTERNAL DEBT and RESOURCE FLOWS

	1982	1992	2001	2002
(US\$ millions)				
Total debt outstanding and disbursed	86,081	112,315	158,291	153,923
IBRD	2,692	11,966	10,883	10,596
IDA	0	0	0	0
Total debt service	15,684	20,751	48,729	35,254
IBRD	328	1,874	2,178	2,093
IDA	0	0	0	0
Composition of net resource flows				
Official grants	76	14	..	..
Official creditors	1,577	615	-669	-432
Private creditors	6,391	-531	3,198	-3,932
Foreign direct investment	1,655	4,393	25,334	13,627
Portfolio equity	0	4,783	151	-104
World Bank program				
Commitments	540	1,313	860	1,322
Disbursements	408	1,352	749	1,247
Principal repayments	133	981	1,314	1,356
Net flows	275	371	-565	-108



Map Section